

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

JUNE 30, 2006

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2006

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CERTIFIED PUBLIC ACCOUNTANTS

August 3, 2006

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Pickford Public Schools
Pickford, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pickford Public Schools, Pickford, Michigan, as of and for the year ended June 30, 2006, which collectively comprise the Districts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Pickford Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position, the governmental activities, each major fund, and the aggregate remaining fund information of Pickford Public Schools, Pickford, Michigan, as of June 30, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2006, on our consideration of Pickford Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through xi and 24, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pickford Public Schools, Pickford, Michigan basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C

Baird, Cotter & Bishop, P.C.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

Pickford Public Schools is a K-12 school district located in Chippewa and Mackinac Counties, Michigan. The Management's Discussion and Analysis is intended to be the Pickford Public Schools administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2006.

Generally, accepted accounting principles (GAAP) require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

A. Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds. These include Special Revenue Funds and Debt Service Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

B. Government-Wide Financial Statements

The government-wide financial statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The District's entire assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

C. Summary of Net Assets

The following schedule summarizes the net assets at fiscal year ended June 30,

| | <u>2006</u> | <u>2005</u> |
|--|---------------------|---------------------|
| Assets | | |
| Current Assets | \$ 1,155,863 | \$ 1,437,559 |
| Non Current Assets | | |
| Deferred Charges | 59,158 | 62,855 |
| Capital Assets | 5,280,049 | 5,280,031 |
| Less Accumulated Depreciation | (1,212,815) | (1,092,789) |
| Total Non Current Assets | <u>4,126,392</u> | <u>4,250,097</u> |
| Total Assets | <u>\$ 5,282,255</u> | <u>\$ 5,687,656</u> |
| Liabilities | | |
| Current Liabilities | \$ 664,309 | \$ 546,806 |
| Non Current Liabilities | <u>4,282,419</u> | <u>4,711,052</u> |
| Total Liabilities | <u>4,946,728</u> | <u>5,257,858</u> |
| Net Assets | | |
| Invested in Capital Assets Net of Related Debt | 276,392 | 235,097 |
| Restricted for Debt Service | 198,985 | 237,986 |
| Unrestricted | <u>(139,850)</u> | <u>(43,285)</u> |
| Total Net Assets | <u>335,527</u> | <u>429,798</u> |
| Total Liabilities and Net Assets | <u>\$ 5,282,255</u> | <u>\$ 5,687,656</u> |

D. Analysis of Financial Position

During the fiscal year ended June 30, 2006, the District's net assets decreased by \$(94,271). A few of the more significant factors affecting net assets during the year are discussed below:

1. Depreciation Expense

The school district maintains a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2006, \$120,026 was recorded for depreciation expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2006, donated assets valued at \$8,018 were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above. The District capitalized office equipment.

The net effect of the new capital assets, asset disposals and the current year's depreciation is a decrease in net capital assets in the amount of \$120,008 for the fiscal year ended June 30, 2006.

E. Results of Operations

The following schedule summarizes the results of operations, on a District-wide basis for the fiscal year ended June 30,

| | 2006 | % of Total | 2005 | % of Total |
|-------------------------|--------------|------------|--------------|------------|
| General Revenues | | | | |
| Property Taxes | \$ 841,989 | 13.24% | \$ 791,857 | 12.05% |
| Investment Earnings | 16,599 | 0.26% | 8,550 | 0.13% |
| State Sources | 3,268,192 | 51.40% | 3,139,537 | 47.76% |
| Other | 42,948 | 0.67% | 4,664 | 0.07% |
| Total General Revenues | \$ 4,169,728 | 65.57% | \$ 3,944,608 | 60.01% |
| Program Revenues | | | | |
| Charges for Services | \$ 317,819 | 5.00% | \$ 415,390 | 6.32% |
| Operating Grants | 1,870,482 | 29.43% | 2,213,097 | 33.67% |
| Total Program Revenues | \$ 2,188,301 | 34.43% | \$ 2,628,487 | 39.99% |
| Total Revenues | \$ 6,358,029 | 100.00% | \$ 6,573,095 | 100.00% |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

| | 2006 | % of Total | 2005 | % of Total |
|----------------------------|--------------------|------------|-------------------|------------|
| Expenses | | | | |
| Instruction | \$ 2,881,103 | 44.66% | \$ 2,810,243 | 43.60% |
| Supporting Services | 1,194,291 | 18.51% | 1,158,473 | 17.98% |
| Food Service | 154,826 | 2.40% | 160,313 | 2.49% |
| Athletic Activities | 119,472 | 1.85% | 109,632 | 1.70% |
| Community Services | 1,668,645 | 25.86% | 1,805,285 | 28.01% |
| Interest on Long-Term Debt | 195,156 | 3.02% | 127,568 | 1.98% |
| Other Transactions | 118,781 | 1.84% | 103,630 | 1.61% |
| Cost of Bond Refunding | 0 | 0.00% | 32,145 | 0.50% |
| Unallocated Depreciation | 120,026 | 1.86% | 137,257 | 2.13% |
| Total Expenses | 6,452,300 | 100.0% | 6,444,546 | 100.0% |
| Change in Net Assets | <u>\$ (94,271)</u> | | <u>\$ 128,549</u> | |

F. Analysis of Significant Revenues and Expenses

Significant revenues and expenses are discussed in the segments below:

1. Property Taxes

The District levied 17.2926 mills of property taxes for operations on non-homestead properties, after the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2005-2006 fiscal year, the District levied \$414,583 in non-homestead property taxes. This represented an increase of 8.12% from the prior year. The amount of unpaid property taxes at June 30, 2006, was \$5,619.

The following table summarizes the non-homestead property tax levies for operations for the past five years:

PICKFORD PUBLIC SCHOOLS
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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

| Fiscal Year | Non-Homestead Tax Levy | % Increase (Decrease) from Prior Year |
|-------------|---------------------------|---|
| 2005-2006 | 414,583 | 8.12% |
| 2004-2005 | 383,452 | 9.50% |
| 2003-2004 | 350,199 | 8.59% |
| 2002-2003 | 322,484 | 4.44% |
| 2001-2002 | 308,777 | 7.74% |
| 2000-2001 | 286,600 | 1.96% |

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2005-2006 fiscal year, the District received \$6,875 per student FTE, which represented an increase of \$175 over the amount received for the 2004-2005 fiscal year.

3. Student Enrollment

The following schedule summarizes the blended student enrollment for the past five fiscal years:

| Fiscal Year | Student FTE | from Prior Year |
|-------------|-------------|-----------------|
| 2005-2006 | 504 | (9) |
| 2004-2005 | 513 | 2 |
| 2003-2004 | 511 | 4 |
| 2002-2003 | 507 | 3 |
| 2001-2002 | 504 | 32 |

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2006, federal, state, and other grants accounted for \$1,876,737.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

5. Comparative Expenditures

A comparison of expenditures by fund is as follows:

| Expenditures | 2005-2006 Fiscal Year | 2004-2005 Fiscal Year | Increase (Decrease) |
|--------------------------|--------------------------|--------------------------|------------------------|
| General Fund | \$ 5,844,219 | \$ 6,033,292 | \$ (189,073) |
| Food Service Fund | 154,826 | 160,313 | (5,487) |
| Athletic Activities Fund | 119,472 | 109,632 | 9,840 |
| Debt Service Funds | 510,741 | 314,398 | 196,343 |
| Total Expenditures | <u>\$ 6,629,258</u> | <u>\$ 6,617,635</u> | <u>\$ 11,623</u> |

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

| Expenditures | 2005-2006 Fiscal Year | 2004-2005 Fiscal Year | Increase (Decrease) |
|-------------------------|--------------------------|--------------------------|------------------------|
| Instruction | \$ 2,881,121 | \$ 2,969,279 | \$ (88,158) |
| Supporting Services | 1,194,291 | 1,158,473 | 35,818 |
| Food Service Activities | 154,826 | 160,313 | (5,487) |
| Athletic Activities | 119,472 | 109,632 | 9,840 |
| Community Services | 1,668,645 | 1,805,285 | (136,640) |
| Debt Service | 510,269 | 314,062 | 196,207 |
| Other Transactions | 100,634 | 100,591 | 43 |
| Total Expenditures | <u>\$ 6,629,258</u> | <u>\$ 6,617,635</u> | <u>\$ 11,623</u> |

G. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2005-2006 fiscal year, the District amended the general fund budget one time, with the Board adopting the changes in June 2006. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget, and actual totals from operations:

PICKFORD PUBLIC SCHOOLS
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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET OVER (UNDER) |
|-----------------------------------|---------------------|---------------------|---------------------|---|
| Total Revenues | <u>\$ 5,688,738</u> | <u>\$ 5,404,523</u> | <u>\$ 5,725,758</u> | <u>\$ 321,235</u> |
| <u>EXPENDITURES AND TRANSFERS</u> | | | | |
| Instruction | \$ 2,754,483 | \$ 2,971,528 | \$ 2,881,121 | \$ (90,407) |
| Supporting Services | 1,226,370 | 1,213,340 | 1,194,291 | (19,049) |
| Community Services | 1,603,092 | 1,774,922 | 1,668,645 | (106,277) |
| Other Transactions | 184,340 | 100,000 | 100,162 | 162 |
| Transfers | <u>0</u> | <u>70,340</u> | <u>82,550</u> | <u>12,210</u> |
| Total Expenditures and Transfers | <u>\$ 5,768,285</u> | <u>\$ 6,130,130</u> | <u>\$ 5,926,769</u> | <u>\$ (203,361)</u> |

H. Capital Asset and Debt Administration

1. Capital Assets

By the end of the 2005-2006 fiscal year, the District had invested over \$5.2 million in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciation expense for the year amounted to \$120,026 bringing the accumulation to \$1,212,815 as of June 30, 2006.

2. Long-Term Debt

At June 30, 2006, the District had \$4,457,419 in long-term debt outstanding. This represents a reduction of \$288,633 from the amount outstanding at the close of the prior fiscal year.

I. Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- The district has a labor agreement with the Pickford Education Association (instructional staff) which will run through August 2008. The district also has a labor agreement with the

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

Pickford Educational Support Personnel Association which will run through August 2010. The positive aspect of both agreements is a period of labor peace. The potential negative aspect is the rising cost of retirement and health care. Any possible negotiated amelioration cannot happen until 2008 when the instructional staff contract expires and a negotiated window for a contract opener in the support staff contract becomes available.

- Contrary to the trend witnessed by most other districts in the region, Pickford Public Schools; enrollment has remained steady. Part of the reason that was possible during the 2005-06 school year was the influx of Schools of Choice students from the Sault Ste Marie district which closed one of its rural elementary schools. An enrollment projection done in 2004 actually predicted pupil growth for the Pickford district but while remaining steady, that projected growth has not been fully realized.
- Pickford Public Schools remains a beneficiary of the Schools of Choice program. Of the 427 pupils counted in the February 2006 count, 56 were non-resident. Consequently, just over 13% of the district's foundation funding is based upon students from outside the district.
- A continuing concern is the district's bus fleet. The district's fleet of 8 buses was purchased between 1991 and 2001. The advancing age of the fleet puts the district more at risk for higher repair costs and potential disruption of service. In attempt to help address the issue, the district is seeking authorization from voters to sell \$200,000 worth of bonds to purchase 3 busses. That election will be August 8, 2006.
- Through capital spending during fiscal year 2006 was very limited, the district did draw funds from a variety of sources to purchase 20 computers for an elementary computer lab.
- In the spring of 2006, Michigan enacted a mandated high school curriculum which will affect the freshmen entering high school in the fall of 2007. As with many smaller, rural schools, the prospects of financially being able to provide the mandated courses with a staff that also must attain highly qualified status under No Child Left Behind appear to be challenging to say the least. Implementation of this legislation holds the potential to impact staffing and allocation of resources.
- Midway through fiscal year 2006, districts across Michigan were encouraged by reports that legislation to provide cost-containment in the areas of retirement and health care was imminent. Unfortunately, that optimism has so far gone unfulfilled. Since growing costs in both of these areas have offset most, if not all, of the recent foundation funding adjustments, cost-containment legislation, if enacted, could have a significant effect on the district's operation. In particular, the high cost of health care has impacted the support group as that cost has well surpassed the wage level for most. Consequently, support staff positions have been either cut, reduced, or left unfilled as a priority option as opposed to cutting instructional positions. Without some cost-containment resolution, there exists an increased likelihood that

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2006

the potential support staff reductions will be exhausted and instructional programs will be further impacted.

- The expectation is that funding for education in Michigan will continue to be a major element in the overall discussion of the state's budget circumstance. Continued calls for tax cuts, a struggling state economy, ballot initiatives such as the K-16 proposal or the Stop Over Spending amendment, calls for funding equity, and legislative earmarking of monies are just some of the facets of the discussion. A district such as Pickford Public Schools, one with minimal fund reserves, one with a modest enrollment whereby the slightest fluctuation can be significant, and one which exists in a state with much political and economic uncertainty, is in a continual at-risk financial position to have the ability to provide even a basic program.

Contacting the District's Financial Management

- This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Business Manager, Pickford Public Schools, 333 S. Pleasant Street, P.O. Box 278, Pickford, Michigan 49774.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2006

ASSETS

CURRENT ASSETS

| | |
|----------------------|------------|
| Cash | \$ 214,928 |
| Taxes Receivable | 8,781 |
| Accounts Receivable | 766,559 |
| Inventory | 2,297 |
| Investments | 163,298 |
| | <hr/> |
| Total Current Assets | 1,155,863 |

NON CURRENT ASSETS

| | |
|--|--------------|
| Deferred Charges - Net of Amortization | 59,258 |
| Capital Assets | 5,280,049 |
| Less Accumulated Depreciation | (1,212,815) |
| | <hr/> |
| Total Non Current Assets | 4,126,492 |
| | <hr/> |
| TOTAL ASSETS | \$ 5,282,355 |

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

| | |
|--|------------|
| Accounts Payable | \$ 133,743 |
| Accrued Expenses | 8,362 |
| Accrued Interest Payable | 23,680 |
| Salaries Payable | 322,528 |
| Due to External Parties (Fiduciary Fund) | 996 |
| Current Portion of Non Current Liabilities | 175,000 |
| | <hr/> |
| Total Current Liabilities | 664,309 |

NON CURRENT LIABILITIES

| | |
|---|-----------|
| Bonds Payable | 3,850,000 |
| Compensated Absences | 105,826 |
| School Bond Loan Fund | 501,593 |
| Less Current Portion of Non Current Liabilities | (175,000) |
| | <hr/> |
| Total Non Current Liabilities | 4,282,419 |
| | <hr/> |
| Total Liabilities | 4,946,728 |

NET ASSETS

| | |
|--|--------------|
| Invested in Capital Assets Net of Related Debt | 276,392 |
| Restricted for Debt Service | 198,985 |
| Unrestricted (Deficit) | (139,850) |
| | <hr/> |
| Total Net Assets | 335,527 |
| | <hr/> |
| TOTAL LIABILITIES AND NET ASSETS | \$ 5,282,255 |

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | GOVERNMENTAL |
|---------------------------------------|---------------------|-------------------------|---------------------|---|
| | | CHARGES FOR SERVICES | OPERATING GRANTS | ACTIVITIES |
| | | | | NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS |
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | |
| Instruction | | | | |
| Basic Programs | \$ 1,991,679 | \$ 6,050 | \$ 93,032 | \$ (1,892,597) |
| Added Needs | 194,148 | 0 | 121,071 | (73,077) |
| Adult/Continuing Education | 695,276 | 0 | 0 | (695,276) |
| Supporting Services | | | | |
| Pupil | 88,573 | 0 | 0 | (88,573) |
| Instructional Staff | 40,851 | 0 | 0 | (40,851) |
| General Administration | 211,475 | 0 | 0 | (211,475) |
| School Administration | 270,285 | 0 | 0 | (270,285) |
| Business | 43,953 | 0 | 0 | (43,953) |
| Operation and Maintenance of Plant | 345,216 | 0 | 0 | (345,216) |
| Pupil Transportation Services | 193,938 | 0 | 0 | (193,938) |
| Food Service | 154,826 | 60,536 | 83,274 | (11,016) |
| Athletic Activities | 119,472 | 29,467 | 0 | (90,005) |
| Community Services | 1,668,645 | 221,766 | 1,573,105 | 126,226 |
| Interest on Long Term Debt | 195,156 | 0 | 0 | (195,156) |
| Other Transactions | 118,781 | 0 | 0 | (118,781) |
| Unallocated Depreciation | 120,026 | 0 | 0 | (120,026) |
| Total Governmental Activities | <u>\$ 6,452,300</u> | <u>\$ 317,819</u> | <u>\$ 1,870,482</u> | (4,263,999) |
| <u>GENERAL REVENUES</u> | | | | |
| Property Taxes - General Purposes | | | | 415,242 |
| Property Taxes - Debt Service | | | | 426,747 |
| Investment Earnings | | | | 16,599 |
| State Sources | | | | 3,268,192 |
| Other | | | | 42,948 |
| Total General Revenues | | | | <u>4,169,728</u> |
| Change in Net Assets | | | | (94,271) |
| <u>NET ASSETS</u> - Beginning of Year | | | | <u>429,798</u> |
| <u>NET ASSETS</u> - End of Year | | | | \$ 335,527 |

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2006

| | GENERAL FUND | DEBT RETIREMENT FUND | OTHER NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|-----------------|----------------------------|--|--------------------------------|
| <u>ASSETS</u> | | | | |
| Cash | \$ 31,036 | \$ 166,618 | \$ 17,274 | \$ 214,928 |
| Taxes Receivable | 5,619 | 3,162 | 0 | 8,781 |
| Accounts Receivable | 766,559 | 0 | 0 | 766,559 |
| Due From Other Funds | 0 | 0 | 2,774 | 2,774 |
| Inventory | 0 | 0 | 2,297 | 2,297 |
| Investments | 134,093 | 29,205 | 0 | 163,298 |
| TOTAL ASSETS | \$ 937,307 | \$ 198,985 | \$ 22,345 | \$ 1,158,637 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 133,743 | \$ 0 | \$ 0 | \$ 133,743 |
| Accrued Expenses | 8,362 | 0 | 0 | 8,362 |
| Salaries Payable | 314,346 | 0 | 8,182 | 322,528 |
| Deferred Revenues | 2,744 | 0 | 0 | 2,744 |
| Due to Other Funds | 3,770 | 0 | 0 | 3,770 |
| Total Liabilities | 462,965 | 0 | 8,182 | 471,147 |
| <u>FUND BALANCES</u> | | | | |
| Reserved for Debt Service | 0 | 198,985 | 0 | 198,985 |
| Reserved for Consolidated Community Schools | 452,660 | 0 | 0 | 452,660 |
| Unreserved, Designated - Special Revenue | 0 | 0 | 14,163 | 14,163 |
| Unreserved, Undesignated | 21,682 | 0 | 0 | 21,682 |
| Total Fund Balances | 474,342 | 198,985 | 14,163 | 687,490 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 937,307 | \$ 198,985 | \$ 22,345 | \$ 1,158,637 |

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2006

| | | |
|--|--------------------|-------------------|
| Total Governmental Fund Balances | | \$ 687,490 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds | | |
| The cost of the capital assets is | 5,280,049 | |
| Accumulated depreciation is | <u>(1,212,815)</u> | 4,067,234 |
| Bond issuance costs are reported as deferred charges and capitalized and amortized over the term of the bonds | | 59,158 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Deferred Revenue - End of Year | | 2,744 |
| Long term liabilities are not due and payable in the current period and are not reported in the funds | | |
| Bonds Payable, Net of Deferred Charges | | (3,850,000) |
| School Bond Loan | | (501,593) |
| Compensated Absences | | (105,826) |
| Accrued interest is not included as a liability in government funds, it is recorded when paid | | <u>(23,680)</u> |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | | <u>\$ 335,527</u> |

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

| | GENERAL FUND | DEBT RETIREMENT FUND | OTHER NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|-----------------|----------------------------|--|--------------------------------|
| <u>REVENUES</u> | | | | |
| Local Sources | \$ 669,395 | \$ 438,774 | \$ 110,223 | \$ 1,218,392 |
| State Sources | 3,185,075 | 0 | 12,353 | 3,197,428 |
| Federal Sources | 1,675,234 | 0 | 70,921 | 1,746,155 |
| Other Transactions | 196,054 | 0 | 0 | 196,054 |
| Total Revenues | 5,725,758 | 438,774 | 193,497 | 6,358,029 |
| <u>EXPENDITURES</u> | | | | |
| Instruction | | | | |
| Basic Programs | 1,991,697 | 0 | 0 | 1,991,697 |
| Added Needs | 194,148 | 0 | 0 | 194,148 |
| Adult/Continuing Education | 695,276 | 0 | 0 | 695,276 |
| Supporting Services | | | | |
| Pupil | 88,573 | 0 | 0 | 88,573 |
| Instructional Staff | 40,851 | 0 | 0 | 40,851 |
| General Administration | 211,475 | 0 | 0 | 211,475 |
| School Administration | 270,285 | 0 | 0 | 270,285 |
| Business | 43,953 | 0 | 0 | 43,953 |
| Operation and Maintenance | 345,216 | 0 | 0 | 345,216 |
| Pupil Transportation Services | 193,938 | 0 | 0 | 193,938 |
| Food Service | 0 | 0 | 154,826 | 154,826 |
| Athletic Activities | 0 | 0 | 119,472 | 119,472 |
| Community Services | 1,668,645 | 0 | 0 | 1,668,645 |
| Debt Service | | | | |
| Principal | 0 | 330,000 | 0 | 330,000 |
| Interest | 0 | 180,269 | 0 | 180,269 |
| Other Transactions | 100,162 | 472 | 0 | 100,634 |
| Total Expenditures | 5,844,219 | 510,741 | 274,298 | 6,629,258 |
| Excess (Deficiency) of Revenues Over Expenditures | (118,461) | (71,967) | (80,801) | (271,229) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | |
| Transfers In | 0 | 0 | 82,550 | 82,550 |
| Transfers Out | (82,550) | 0 | 0 | (82,550) |
| Total Other Financing Sources (Uses) | (82,550) | 0 | 82,550 | 0 |
| Net Change in Fund Balance | (201,011) | (71,967) | 1,749 | (271,229) |
| <u>FUND BALANCE</u> - Beginning of Year | 675,353 | 270,952 | 12,414 | 958,719 |
| <u>FUND BALANCE</u> - End of Year | \$ 474,342 | \$ 198,985 | \$ 14,163 | \$ 687,490 |

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

| | |
|--|--------------|
| Net change in Fund Balances Total Governmental Funds | \$ (271,229) |
|--|--------------|

Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

| | |
|-----------------------|-----------|
| Depreciation Expense | (120,026) |
| Asset Disposal | (8,000) |
| Donated Capital Asset | 8,018 |

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

| | |
|--|----------|
| Accrued Interest Payable - Beginning of Year | 32,966 |
| Accrued Interest Payable - End of Year | (23,680) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

| | |
|--------------------------------------|-------|
| Deferred Revenue - Beginning of Year | 0 |
| Deferred Revenue - End of Year | 2,744 |

The issuance of long-term debt provides financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

| | |
|---|----------|
| Increase in School Bond Loan Fund | (24,173) |
| Repayments of principal on long-term debt | 330,000 |
| Amortization of bond issue cost and bond premium on refunding | (3,697) |

Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

| | |
|--|------------------|
| Compensated Absences - Beginning of Year | 88,632 |
| Compensated Absences - End of Year | <u>(105,826)</u> |

| | |
|---|---------------------------|
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u><u>\$ (94,271)</u></u> |
|---|---------------------------|

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2006

| | <u>AGENCY FUNDS</u> |
|---------------------------------------|-----------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 22,106 |
| Due from Other Funds | <u>996</u> |
| TOTAL ASSETS | <u><u>\$ 23,102</u></u> |
| <u>LIABILITIES AND NET ASSETS</u> | |
| <u>LIABILITIES</u> | |
| Due to Groups and Organizations | \$ 23,102 |
| <u>NET ASSETS</u> | <u>0</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 23,102</u></u> |

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Pickford Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

Pickford Public Schools (the "District") is located in Chippewa and Mackinac Counties with its administrative offices located at 333 S. Pleasant Street, Pickford, Michigan. The District operates under an elected 7-member board of education and provides services to its 504 students in elementary, middle, high school, and special education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. As required by generally accepted accounting principles, these financial statements present the School and its component units, entities for which the School is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the School's operations and so data from these units are combined with data of the School. The financial data of the component unit is combined into the General Fund of the School District to be in compliance with the Michigan School Accounting Manual. The following component unit is consolidated with the General Fund of the School District:

Consolidated Community School Services

The Consolidated Community School Services program provides adult education and community recreation to seven school districts in the Eastern Upper Peninsula Intermediate School District. Pickford Public School District is the fiscal agent for the Consolidated Community School Services program. Due to this relationship, Consolidated Community School Services is considered a component of the Schools' reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds - Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Other Non-major Funds

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2006, the foundation allowance was based on pupil membership counts taken in February and September of 2005. For fiscal year ended June 30, 2006, the per pupil foundation allowance was \$6,875 for Pickford Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2005 to August 2006. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

D. Other Accounting Policies

1. Cash and Investments

Cash includes amounts in petty cash and checking accounts.

Investments are carried at market value.

The school's investment policy authorizes the School District to invest in funds as follows:

- (a) Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- (b) Certificates of deposit issued by a state or nationally-chartered bank or a state or Federally-chartered savings and loan association, savings bank, or credit union whose deposits are

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

insured by an agency of the United States government and which maintains a principal office or branch office in Michigan under Michigan and Federal laws.

(c) Commercial paper rated prime 1 or prime 2 at the time of purchase and maturing not more than 270 days after the date of purchase.

(d) Michigan Investment Liquid Asset Fund Plus (MILAF).

The above investment policy is in compliance with state statutes.

The School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of December 1, and are due upon receipt of the billing by the taxpayer. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2006, the District levied the following amounts per \$1,000 of assessed valuation:

| <u>Fund</u> | <u>Mills</u> |
|---|--------------|
| General Fund - Non-homestead | 17.2926 |
| Debt Service Fund - Homestead and non-homestead | 7.00 |

4. Inventories and Prepaid Expenditures

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consist of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

| | |
|-------------------------------|------------|
| Buildings and additions | 50 years |
| Furniture and other equipment | 5-20 years |

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

6. Compensated Absences

It is the District's policy to permit employees to accumulated earned but unused sick pay and comp time benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The District has opted to apply the provisions of GASB 34 paragraph 146, which allows the amortization of premiums, discounts and bond issuance costs, prospectively for all bonds issued after July 1, 2002.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

8. Fund Equity

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.

4. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 20, 2005, or as amended by the School Board of Education June 19, 2006.

B. Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations occurred in the following funds:

School Service Fund – Athletic Activities Fund expenditures of \$119,472 exceeded appropriations of \$104,050 by \$15,422. School Service Fund – Food Service expenditures of \$154,826 exceeded appropriations of \$144,640 by \$10,186.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments - Credit Risk

The District's deposits and investments are all on deposit with Central Savings Bank, and Michigan School District Liquid Asset Fund Plus.

Investment rate risk. The District will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

Foreign currency risk. The District is not authorized to invest in investments, which have this type of risk.

Credit risk. The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

PICKFORD PUBLIC SCHOOLS
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Concentration of credit risk. The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2006, \$359,647 of the government's bank balance of \$581,943 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year end all of the District's investments were uncategorized as to risk.

B. Receivables

Receivables as of year end for the government's individual major fund and nonmajor, and fiduciary funds are as follows:

| | Debt | | |
|-------------|------------|----------|------------|
| | Retirement | | |
| | General | Fund | Total |
| Receivables | | | |
| Taxes | \$ 5,619 | \$ 3,162 | \$ 8,781 |
| Accounts | 766,559 | 0 | 766,559 |
| Total | \$ 772,178 | \$ 3,162 | \$ 775,340 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

C. Capital Assets

A summary of changes in the District's capital assets follows:

| | Balance | | | | Balance |
|------------------------------------|--------------|--------------|------------|----|---------------|
| | July 1, 2005 | Additions | Deletions | | June 30, 2006 |
| Capital assets: | | | | | |
| Buildings and additions | \$ 4,665,639 | \$ 0 | \$ 0 | \$ | 4,665,639 |
| Machinery and equipment | 214,556 | 8,018 | (8,000) | | 214,574 |
| Transportation equipment | 399,836 | 0 | 0 | | 399,836 |
| Subtotal | \$ 5,280,031 | \$ 8,018 | \$ (8,000) | \$ | 5,280,049 |
| Less accumulated depreciation for: | | | | | |
| Buildings and additions | \$ 700,427 | \$ 99,095 | \$ 0 | \$ | 799,522 |
| Machinery and equipment | 41,758 | 8,246 | 0 | | 50,004 |
| Transportation equipment | 350,604 | 12,685 | 0 | | 363,289 |
| Total accumulated depreciation | (1,092,789) | (120,026) | 0 | | (1,212,815) |
| Net capital assets | \$ 4,187,242 | \$ (112,008) | \$ (8,000) | \$ | 4,067,234 |

Depreciation for the fiscal year ended June 30, 2006 amounted to \$120,026. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

The following is a summary of the Long-Term Debt transactions for the School District for the year ended June 30, 2006:

| | BONDS PAYABLE | SCHOOL BOND LOAN FUND | ACCRUED EXPENSES | TOTAL |
|------------------------|------------------|--------------------------------|---------------------|--------------|
| Long-Term Debt | | | | |
| at July 1, 2005 | \$ 4,015,000 | \$ 642,420 | \$ 88,632 | \$ 4,746,052 |
| New Debt Issued | 0 | 24,173 | 0 | 24,173 |
| Bonds Retired and Paid | (165,000) | (165,000) | 0 | (330,000) |
| Increase in | | | | |
| Accrued Expenses | 0 | 0 | 17,194 | 17,194 |
| LONG-TERM DEBT | | | | |
| AT JUNE 30, 2006 | \$ 3,850,000 | \$ 501,593 | \$ 105,826 | \$ 4,457,419 |
| Due Within One Year | \$ 175,000 | \$ 0 | \$ 0 | \$ 175,000 |

At June 30, 2006, the School District's long-term debt consisted of the following:

Bonds and Loans Payable

| | |
|---|---------------------|
| General Obligation Serial Bonds: \$3,885,000 2005 Refunding Bonds, Due in Annual Installments of \$175,000 to \$270,000 through May 1, 2022; Interest at 2.500% to 4.125% | \$ 3,850,000 |
| School Bond Loan: \$466,175 Plus Accrued Interest of \$35,418, Interest at 2.625% to 4.625% | 501,593 |
| Accumulated Sick Leave of Employees | <u>105,826</u> |
| TOTAL LONG-TERM DEBT | <u>\$ 4,457,419</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

The annual requirements to amortize the serial bonds payable outstanding as of June 30, 2006, including interest payments of \$1,347,510, are as follows:

| <u>YEAR ENDING</u> <u>JUNE 30,</u> | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
|---------------------------------------|---------------------|---------------------|---------------------|
| 2007 | \$ 175,000 | \$ 142,082 | \$ 317,082 |
| 2008 | 185,000 | 137,706 | 322,706 |
| 2009 | 205,000 | 132,618 | 337,618 |
| 2010 | 215,000 | 126,468 | 341,468 |
| 2011 | 220,000 | 119,482 | 339,482 |
| 2012-2016 | 1,295,000 | 465,512 | 1,760,512 |
| 2017-2021 | 1,290,000 | 212,710 | 1,502,710 |
| 2022 | 265,000 | 10,932 | 275,932 |
| | <u>\$ 3,850,000</u> | <u>\$ 1,347,510</u> | <u>\$ 5,197,510</u> |

During the past five years, the School borrowed from the State of Michigan's School Bond Loan Fund. The State of Michigan makes loans to school districts to assist the districts in the payment of debt service on their outstanding General Obligation Bonds. The loan is to be repaid whenever the School District's property tax levies, dedicated to service General Obligation Bonds, result in funds in excess of those requirements. The accrued interest on the loans is added to the loans by the State of Michigan. The above annual requirements do not include the school bond loan since the repayment schedule is unknown.

The annual requirements to amortize the accrued sick leave are uncertain because it is unknown when the employees will use the sick leave. Consequently, the above schedule of annual requirements does not include the sick leave.

E. Short-Term Debt

On September 8, 2005 the District issued a State Aid Note in the amount of \$550,000. The note matured on June 30, 2006 with interest at 3.40%. The District pledged its State Aid revenue for payment of this liability at maturity. The purpose of the note was to provide for cash flow needs at the beginning of the school year. Interest expense for the year was \$14,648. The balance at June 30, 2006 was \$0.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

The following is a summary of the Short-Term Debt transactions for the School District for the year ended June 30, 2006:

| | | |
|----------------------------------|----|-----------|
| Short-Term Debt at July 1, 2005 | \$ | 0 |
| New Debt Issued | | 550,000 |
| Debt Retired and Paid | | (550,000) |
| Short-Term Debt at June 30, 2006 | \$ | <u>0</u> |

F. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2006, were:

| | INTERFUND RECEIVABLES | INTERFUND PAYABLES |
|---|--------------------------|-----------------------|
| General Fund | \$ 0 | \$ 3,770 |
| School Service Fund - Food Service Fund | 2,774 | 0 |
| Agency Fund | 996 | 0 |
| | <u>\$ 3,770</u> | <u>\$ 3,770</u> |

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2006, are expected to be repaid within one year.

Interfund transfers as shown in the individual fund financial statements at June 30, 2006, were:

| | TRANSFERS IN | TRANSFERS OUT |
|--|------------------|------------------|
| General Fund | \$ 0 | \$ 82,550 |
| School Service Fund – Food Service Fund | 10,892 | 0 |
| School Service Fund - Athletic Activities Fund | 71,658 | 0 |
| | <u>\$ 82,550</u> | <u>\$ 82,550</u> |

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

G. Lease Information

During the year the school leased office and classroom space and various pieces of equipment. The rent expense was \$12,774 for the year ending June 30, 2006. The leases are operating leases with no contingent lease payments. The equipment may be purchased at the end of the lease for fair market value.

On June 3, 2002, the School entered into a five-year lease for office and classroom space and on July 17, 1997, the School entered into a five-year lease for classroom space. Subsequently, on July 17, 2002, the School exercised their option to renew the classroom space lease for an additional five years. These two leases are for the Consolidated Community School Services Program. On March 10, 2006 the school entered into a five-year lease for photocopiers. The future minimum lease payments for these leases are as follows:

| | <u>AMOUNT</u> |
|------|------------------|
| 2007 | \$ 16,682 |
| 2008 | 12,924 |
| 2009 | 12,924 |
| 2010 | 12,924 |
| 2011 | <u>12,070</u> |
| | \$ <u>67,524</u> |

H. Designated and Reserved Fund Balance

The School has reserved or designated this fund balance as follows:

1. Food Service and Athletic Activities

The School's policy is to show fund balance of the Food Service Fund and Athletic Activities Fund as designated for those purposes.

2. Debt Service

The entire fund balance of the Debt Service Fund is reserved for debt service.

NOTE 4 - OTHER INFORMATION

A. Employee Retirement System

Plan Description. The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

administered by the nine member board of MPSERS. The MPSERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPSERS was established by Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909 or by calling (517) 322-6000.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2006, was 14.87% for the period July, 2005 through September, 2005 and 16.34% for the period October, 2005 through June, 2006. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the year ended June 30, 2006, 2005 and 2004 were \$448,317, \$404,690 and \$368,698 respectively, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Other Post Employment Benefits Funding Policy

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2006 or any of the prior three years.

C. 2005 Refunding Bonds

On February 22, 2005, the District issued \$3,885,000 in general obligation bonds with interest rates of 2.5% to 4.125% to advance refund \$3,915,000 of outstanding 1996 bonds. The refunded bonds bore interest rates of 5.125% to 7.625%. As a result, \$3,915,000 of 1996 bonds are considered to be defeased and the liability for those bonds has been removed from the noncurrent liabilities of the District.

The advanced refunding reduced total future debt service payments by \$302,653 and resulted in an economic gain of \$237,738.

D. Beginning Net Assets

Beginning net assets have been decreased by \$130,000 due to an additional liability resulting from the 1996 bonds that were defeased in 2005.

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2006

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL AMOUNTS BUDGETARY BASIS |
|--|--------------------|-----------------|---|
| <u>REVENUES</u> | | | |
| Local Sources | \$ 539,063 | \$ 618,300 | \$ 669,395 |
| State Sources | 3,618,259 | 3,308,480 | 3,185,075 |
| Federal Sources | 1,517,916 | 1,424,736 | 1,675,234 |
| Other Transactions | 13,500 | 53,007 | 196,054 |
| Total Revenues | 5,688,738 | 5,404,523 | 5,725,758 |
| <u>EXPENDITURES</u> | | | |
| Instruction | | | |
| Basic Programs | 1,816,232 | 2,033,083 | 1,991,697 |
| Added Needs | 255,985 | 176,549 | 194,148 |
| Adult/Continuing Education | 682,266 | 761,896 | 695,276 |
| Supporting Services | | | |
| Pupil | 94,110 | 90,185 | 88,573 |
| Instructional Staff | 39,715 | 38,850 | 40,851 |
| General Administration | 205,890 | 214,750 | 211,475 |
| School Administration | 273,955 | 273,955 | 270,285 |
| Business | 612,700 | 43,650 | 43,953 |
| Operation and Maintenance | 0 | 357,450 | 345,216 |
| Pupil Transportation Services | 0 | 194,500 | 193,938 |
| Community Services | 1,603,092 | 1,774,922 | 1,668,645 |
| Other Transactions | 184,340 | 100,000 | 100,162 |
| Total Expenditures | 5,768,285 | 6,059,790 | 5,844,219 |
| Excess (Deficiency) of Revenues Over Expenditures | (79,547) | (655,267) | (118,461) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers Out | 0 | (70,340) | (82,550) |
| Net Change in Fund Balance | (79,547) | (725,607) | (201,011) |
| <u>FUND BALANCE - Beginning of Year</u> | 731,002 | 760,569 | 675,353 |
| <u>FUND BALANCE - End of Year</u> | \$ 651,455 | \$ 34,962 | \$ 474,342 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL FUND
COMBINING BALANCE SHEET

JUNE 30, 2006
WITH COMPARATIVE TOTALS FOR JUNE 30, 2005

| | CONSOLIDATED COMMUNITY | | | TOTALS | |
|---|---------------------------------|-------------------------------|----------------------------------|----------------|------------------|
| | GENERAL OPERATING ACCOUNT | SCHOOL SERVICES ACCOUNT | INTRA ACCOUNT ELIMINATIONS | 2006 | 2005 |
| | | | | | |
| <u>ASSETS</u> | | | | | |
| Cash | \$ (25,716) | \$ 56,752 | \$ 0 | \$ 31,036 | \$ 124,642 |
| Taxes Receivable | 5,619 | 0 | 0 | 5,619 | 3,014 |
| Accounts Receivable | 601,593 | 342,569 | (177,603) | 766,559 | 636,321 |
| Due from Other Funds | 0 | 0 | 0 | 0 | 21,197 |
| Investments | 4,395 | 129,698 | 0 | 134,093 | 361,388 |
| TOTAL ASSETS | \$ 585,891 | \$ 529,019 | \$ (177,603) | \$ 937,307 | \$ 1,146,562 |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | | |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable | \$ 286,730 | \$ 24,616 | \$ (177,603) | \$ 133,743 | \$ 162,466 |
| Accrued Expenses | 0 | 8,362 | 0 | 8,362 | 8,656 |
| Salaries Payable | 273,709 | 40,637 | 0 | 314,346 | 300,087 |
| Deferred Revenues | 0 | 2,744 | 0 | 2,744 | 0 |
| Due to Other Funds | 3,770 | 0 | 0 | 3,770 | 0 |
| TOTAL LIABILITIES | \$ 564,209 | \$ 76,359 | \$ (177,603) | \$ 462,965 | \$ 471,209 |
| <u>FUND BALANCE</u> | | | | | |
| Reserved for: | | | | | |
| Consolidated Community Schools | \$ 0 | \$ 452,660 | \$ 0 | \$ 452,660 | \$ 559,113 |
| Unreserved | | | | | |
| Undesignated | 21,682 | 0 | 0 | 21,682 | 116,240 |
| Total Fund Balance | \$ 21,682 | \$ 452,660 | \$ 0 | \$ 474,342 | \$ 675,353 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 585,891 | \$ 529,019 | \$ (177,603) | \$ 937,307 | \$ 1,146,562 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2005

| | CONSOLIDATED COMMUNITY | | | TOTALS | |
|---------------------------------|---------------------------------|-------------------------------|----------------------------------|--------------|--------------|
| | GENERAL OPERATING ACCOUNT | SCHOOL SERVICES ACCOUNT | INTRA ACCOUNT ELIMINATIONS | 2006 | 2005 |
| | | | | | |
| <u>REVENUES</u> | | | | | |
| Local Sources | \$ 446,853 | \$ 224,542 | \$ (2,000) | \$ 669,395 | \$ 700,905 |
| State Sources | 2,635,400 | 549,675 | 0 | 3,185,075 | 3,208,859 |
| Federal Sources | 146,428 | 1,528,806 | 0 | 1,675,234 | 1,820,517 |
| Other Transactions | 1,055 | 194,999 | 0 | 196,054 | 251,184 |
| Total Revenues | \$ 3,229,736 | \$ 2,498,022 | \$ (2,000) | \$ 5,725,758 | \$ 5,981,465 |
| <u>EXPENDITURES</u> | | | | | |
| Instruction | | | | | |
| Basic Programs | | | | | |
| Elementary School | \$ 1,054,778 | \$ 0 | \$ 0 | \$ 1,054,778 | \$ 1,033,750 |
| High School | 698,365 | 0 | 0 | 698,365 | 750,240 |
| Pre-School | 0 | 238,554 | 0 | 238,554 | 198,633 |
| Community Learning-21st Century | 0 | 0 | 0 | 0 | 34,531 |
| Added Needs | | | | | |
| Special Education | 60,108 | 0 | 0 | 60,108 | 87,115 |
| Compensatory Education | 132,774 | 0 | 0 | 132,774 | 169,089 |
| Other Added Needs - | | | | | |
| Gifted and Talented | 1,266 | 0 | 0 | 1,266 | 1,382 |
| Adult/ Continuing Education | | | | | |
| Adult and Alternative Education | 0 | 687,504 | 0 | 687,504 | 683,617 |
| Adult Education - Enrichment | 0 | 7,772 | 0 | 7,772 | 10,922 |
| Supporting Services | | | | | |
| Pupil | | | | | |
| Guidance Services | 42,282 | 0 | 0 | 42,282 | 38,809 |
| Health Services | 24,627 | 0 | 0 | 24,627 | 23,014 |
| Other Pupil Services | 21,664 | 0 | 0 | 21,664 | 21,136 |
| Instructional Staff | | | | | |
| Educational Media Services | 39,670 | 0 | 0 | 39,670 | 37,168 |
| Audio Visual | 1,181 | 0 | 0 | 1,181 | 1,028 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2005

| | CONSOLIDATED COMMUNITY | | | TOTALS | |
|--|---------------------------------|-------------------------------|----------------------------------|--------------|--------------|
| | GENERAL OPERATING ACCOUNT | SCHOOL SERVICES ACCOUNT | INTRA ACCOUNT ELIMINATIONS | 2006 | 2005 |
| General Administration | | | | | |
| Board of Education | 22,182 | 0 | 0 | 22,182 | 21,461 |
| Executive Administration | 189,293 | 0 | 0 | 189,293 | 169,207 |
| School Administration | | | | | |
| Office of the Principal | 270,285 | 0 | 0 | 270,285 | 284,559 |
| Business | | | | | |
| Other Business Services | 43,953 | 0 | 0 | 43,953 | 31,029 |
| Operation and Maintenance of Plant | 345,216 | 0 | 0 | 345,216 | 355,167 |
| Pupil Transportation Services | 193,938 | 0 | 0 | 193,938 | 175,895 |
| Community Services | | | | | |
| Community Services- Direction | 0 | 281,096 | (2,000) | 279,096 | 336,978 |
| Community Recreation | 0 | 56,797 | 0 | 56,797 | 57,769 |
| Other Community Services | 0 | 1,332,752 | 0 | 1,332,752 | 1,410,538 |
| Other Transactions | | | | | |
| Transfers to Other School Districts | 100,162 | 0 | 0 | 100,162 | 100,255 |
| Total Expenditures | \$ 3,241,744 | \$ 2,604,475 | \$ (2,000) | \$ 5,844,219 | \$ 6,033,292 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (12,008) | \$ (106,453) | \$ 0 | \$ (118,461) | \$ (51,827) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | |
| Transfers Out | (82,550) | 0 | 0 | (82,550) | (86,168) |
| Net Change in Fund Balance | \$ (94,558) | \$ (106,453) | \$ 0 | \$ (201,011) | \$ (137,995) |
| <u>FUND BALANCE</u> - Beginning of Year | 116,240 | 559,113 | 0 | 675,353 | 813,348 |
| <u>FUND BALANCE</u> - End of Year | \$ 21,682 | \$ 452,660 | \$ 0 | \$ 474,342 | \$ 675,353 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

COMPARATIVE BALANCE SHEET
JUNE 30,

| | 2006 | 2005 |
|-------------------------------------|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Cash | \$ (25,716) | \$ 123,615 |
| Taxes Receivable | 5,619 | 3,014 |
| Accounts Receivable | 601,593 | 595,048 |
| Due from Other Funds | 0 | 21,197 |
| Investments | 4,395 | 25,974 |
| | | |
| TOTAL ASSETS | <u>\$ 585,891</u> | <u>\$ 768,848</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ 286,730 | \$ 396,674 |
| Salaries Payable | 273,709 | 255,934 |
| Due to Other Funds | 3,770 | 0 |
| | | |
| Total Liabilities | \$ 564,209 | \$ 652,608 |
| <u>FUND BALANCE</u> | | |
| Unreserved | | |
| Undesignated | 21,682 | 116,240 |
| | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 585,891</u> | <u>\$ 768,848</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|---|---------------------|---------------------|---------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| <u>REVENUES</u> | | | |
| Local Sources | \$ 428,900 | \$ 446,853 | \$ 409,212 |
| State Sources | 2,635,819 | 2,635,400 | 2,597,640 |
| Federal Sources | 139,392 | 146,428 | 321,600 |
| Other Transactions | 6,000 | 1,055 | 13,316 |
| Total Revenues | <u>\$ 3,210,111</u> | <u>\$ 3,229,736</u> | <u>\$ 3,341,768</u> |
| <u>EXPENDITURES</u> | | | |
| Instruction | | | |
| Basic Programs | | | |
| Elementary School | \$ 1,073,950 | \$ 1,054,778 | \$ 1,033,750 |
| High School | 691,250 | 698,365 | 750,240 |
| Community Learning - 21st Century | 0 | 0 | 34,531 |
| Added Needs | | | |
| Special Education | 57,440 | 60,108 | 87,115 |
| Compensatory Education - Title I | 53,390 | 67,097 | 102,021 |
| Compensatory Education - At Risk | 65,719 | 65,677 | 67,068 |
| Other Added Needs - Gifted and Talented | 0 | 1,266 | 1,382 |
| Supporting Services | | | |
| Pupil | | | |
| Guidance Services | 43,300 | 42,282 | 38,809 |
| Health Services | 25,785 | 24,627 | 23,014 |
| Other Pupil Services | 21,100 | 21,664 | 21,136 |
| Instructional Staff | | | |
| Educational Media Services | 37,750 | 39,670 | 37,168 |
| Audiovisual | 1,100 | 1,181 | 1,028 |
| General Administration | | | |
| Board of Education | 21,500 | 22,182 | 21,461 |
| Executive Administration | 193,250 | 189,293 | 169,207 |
| School Administration | | | |
| Office of the Principal - Elementary | 149,355 | 145,893 | 150,083 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|---|-------------------------|-------------------------|--------------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| Office of the Principal - Secondary Business | 124,600 | 124,392 | 134,476 |
| Other Business Services | 43,650 | 43,953 | 31,029 |
| Operation and Maintenance of Plant | 357,450 | 345,216 | 355,167 |
| Pupil Transportation Services | 194,500 | 193,938 | 175,895 |
| Other Transactions | | | |
| Transfers to Other School Districts | 100,000 | 100,162 | 100,255 |
| Total Expenditures | <u>\$ 3,255,089</u> | <u>\$ 3,241,744</u> | <u>\$ 3,334,835</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (44,978)</u> | <u>\$ (12,008)</u> | <u>\$ 6,933</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers In (Out) | | | |
| School Service Fund - Food Service | \$ (840) | \$ (10,892) | \$ (21,754) |
| School Service Fund - Athletic Activities | (69,500) | (71,658) | (64,414) |
| Total Other Financing Sources (Uses) | <u>\$ (70,340)</u> | <u>\$ (82,550)</u> | <u>\$ (86,168)</u> |
| Net Change in Fund Balance | <u>\$ (115,318)</u> | <u>\$ (94,558)</u> | <u>\$ (79,235)</u> |
| <u>FUND BALANCE</u> - Beginning of Year | <u>146,931</u> | <u>116,240</u> | <u>195,475</u> |
| <u>FUND BALANCE</u> - End of Year | <u><u>\$ 31,613</u></u> | <u><u>\$ 21,682</u></u> | <u><u>\$ 116,240</u></u> |

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|--|---------------------|---------------------|---------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| <u>LOCAL SOURCES</u> | | | |
| Property Taxes | | | |
| Current Year Tax Roll | \$ 396,700 | \$ 414,583 | \$ 383,452 |
| Prior Years Tax Rolls | 1,400 | 659 | 9,050 |
| Penalties and Interest on Delinquent Taxes | 500 | 0 | 101 |
| Tuition | 5,900 | 6,050 | 7,750 |
| Earnings on Investments and Deposits | 5,000 | 9,521 | 4,311 |
| Other Local Revenues | | | |
| Community School - Fiscal Agent Fee | 2,000 | 2,000 | 2,000 |
| Miscellaneous | 17,400 | 14,040 | 2,548 |
| Total Local Sources | <u>\$ 428,900</u> | <u>\$ 446,853</u> | <u>\$ 409,212</u> |
| <u>STATE SOURCES</u> | | | |
| Grants-In-Aid Unrestricted | | | |
| State School Aid | | | |
| Foundation Allowance | \$ 2,563,000 | \$ 2,546,758 | \$ 2,509,678 |
| Grants-In-Aid Restricted | | | |
| State School Aid | | | |
| At Risk | 65,719 | 65,415 | 65,989 |
| Special Education | 6,500 | 20,967 | 18,640 |
| Driver Education | 0 | 0 | 3,333 |
| SPSR Grant | 0 | 2,260 | 0 |
| Payments in Lieu of Taxes | | | |
| Commercial Forest/ Swamp Tax | 600 | 0 | 0 |
| Total State Sources | <u>\$ 2,635,819</u> | <u>\$ 2,635,400</u> | <u>\$ 2,597,640</u> |
| <u>FEDERAL SOURCES</u> | | | |
| Grants-In-Aid Restricted | | | |
| Received Through State | | | |
| Title I | \$ 53,396 | \$ 53,396 | \$ 61,779 |
| Title II | 0 | 0 | 1,570 |
| Title V | 2,100 | 2,171 | 3,188 |
| Technology Literacy Challenge Grant | 996 | 996 | 0 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2005

| | 2006 | | 2005 |
|---------------------------------------|------------------|------------------|------------------|
| | BUDGET | ACTUAL | ACTUAL |
| Class Size Reduction | 22,000 | 21,461 | 22,111 |
| Community Learning - 21st Century | 0 | 0 | 32,090 |
| R.E.A.P Grant | 30,600 | 30,611 | 29,484 |
| Received Through Another Agency | | | |
| National Forest | 3,800 | 3,893 | 3,072 |
| Received From Other School Districts | | | |
| Freedom To Learn | 0 | 2,000 | 142,500 |
| Medicaid Outreach | 1,500 | 0 | 0 |
| Title VI | 25,000 | 31,900 | 25,806 |
| Total Federal Sources | \$ 139,392 | \$ 146,428 | \$ 321,600 |
| <u>OTHER TRANSACTIONS</u> | | | |
| Transfers from Other School Districts | | | |
| Interactive TV | \$ 1,000 | \$ 0 | \$ 12,544 |
| ISD Reimbursements | 5,000 | 1,055 | 772 |
| Total Other Transactions | \$ 6,000 | \$ 1,055 | \$ 13,316 |
| TOTAL REVENUES | \$ 3,210,111 | \$ 3,229,736 | \$ 3,341,768 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | 2006 | | 2005 |
|------------------------------|---------------------|---------------------|---------------------|
| | BUDGET | ACTUAL | ACTUAL |
| <u>INSTRUCTION</u> | | | |
| <u>Basic Programs</u> | | | |
| <u>Elementary</u> | | | |
| Salaries | | | |
| Teachers | \$ 547,000 | \$ 524,550 | \$ 551,198 |
| Aides | 43,700 | 46,690 | 42,660 |
| Substitutes | 33,400 | 38,884 | 25,729 |
| Recess and Noon Supervisor | 5,500 | 6,713 | 6,334 |
| Severance and Longevity Pay | 13,000 | 12,355 | 6,294 |
| Employee Benefits | | | |
| Health Insurance | 232,000 | 229,763 | 225,697 |
| Retirement | 105,000 | 103,792 | 90,808 |
| FICA | 48,900 | 48,097 | 48,238 |
| Workmen's Compensation | 1,900 | 911 | 944 |
| Unemployment Compensation | 2,000 | 0 | 0 |
| Purchased Services | | | |
| Purchased Services | 0 | 4,480 | 5,194 |
| Travel and Expense | 750 | 0 | 0 |
| Workshops and Conferences | 500 | 438 | 1,387 |
| Repairs and Maintenance | 500 | 0 | 0 |
| Rent of Equipment | 1,800 | 330 | 0 |
| Supplies and Materials | | | |
| Teaching Supplies | 23,000 | 26,505 | 22,775 |
| Textbooks | 6,000 | 4,347 | 2,105 |
| Other Supplies and Materials | 7,000 | 6,711 | 3,251 |
| Capital Outlay | | | |
| Furniture and Equipment | 1,500 | 0 | 836 |
| Other Expense | | | |
| Miscellaneous | 500 | 212 | 300 |
| Total Elementary | <u>\$ 1,073,950</u> | <u>\$ 1,054,778</u> | <u>\$ 1,033,750</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|--------------------------------------|-------------------|-------------------|-------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| <u>High School</u> | | | |
| Salaries | | | |
| Teachers | \$ 400,000 | \$ 399,376 | \$ 360,159 |
| Teachers- Drivers Education | 5,000 | 4,500 | 5,250 |
| Substitutes | 8,000 | 14,794 | 8,000 |
| Severance and Longevity Pay | 13,000 | 5,991 | 3,670 |
| Employee Benefits | | | |
| Health Insurance | 120,000 | 127,080 | 98,589 |
| Retirement | 67,000 | 67,352 | 54,063 |
| FICA | 32,000 | 32,183 | 28,428 |
| Workmen's Compensation | 1,500 | 616 | 563 |
| Unemployment Compensation | 1,500 | 0 | 166 |
| Purchased Services | | | |
| Travel and Expense | 2,000 | 1,129 | 1,511 |
| Workshops and Conferences | 750 | 908 | 717 |
| Repairs - Equipment | 1,500 | 973 | 644 |
| Rent of Equipment | 1,750 | 330 | 0 |
| Other Purchased Services | 1,900 | 3,815 | 4,314 |
| Supplies and Materials | | | |
| Teaching Supplies | 15,000 | 16,143 | 20,262 |
| Teaching Supplies - Driver Education | 350 | 17 | 1,125 |
| Textbooks | 8,000 | 8,123 | 4,198 |
| Other Supplies and Materials | 3,000 | 8,128 | 1,339 |
| Supplies - Title IID | 0 | 996 | 3,885 |
| Supplies - Title V | 3,900 | 2,172 | 4,625 |
| Supplies - Freedom to Learn | 0 | 2,000 | 0 |
| Capital Outlay | | | |
| Furniture and Equipment | 3,000 | 0 | 146,899 |
| Other Expense | | | |
| Drug Education Expenses | 0 | 309 | 424 |
| Driver Education Expenses | 1,300 | 961 | 0 |
| Career Prep Expenses | 0 | 0 | 188 |
| Miscellaneous | 800 | 469 | 1,221 |
| Total High School | <u>\$ 691,250</u> | <u>\$ 698,365</u> | <u>\$ 750,240</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|--|------------------|------------------|------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| <u>Community Learning - 21st Century</u> | | | |
| Purchased Services | | | |
| Other Purchased Services | \$ 0 | \$ 0 | \$ 34,531 |
| <u>Added Needs</u> | | | |
| <u>Special Education</u> | | | |
| Salaries | | | |
| Teachers | \$ 42,000 | \$ 19,774 | \$ 37,129 |
| Substitutes | 500 | 78 | 1,163 |
| Flowthrough | 0 | 0 | 26,451 |
| Severance and Longevity Pay | 2,000 | 0 | 0 |
| IDEA - SPSR Expense | 0 | 2,260 | 0 |
| Employee Benefits | | | |
| Health Insurance | 2,000 | 1,075 | 11,355 |
| Retirement | 6,900 | 2,677 | 7,107 |
| FICA | 3,300 | 1,518 | 3,677 |
| Workmen's Compensation | 140 | 29 | 57 |
| Purchased Services | | | |
| Travel and Expense | 100 | 0 | 0 |
| Workshops and Conferences | 100 | 0 | 0 |
| Supplies and Materials | | | |
| Teaching Supplies | 400 | 797 | 176 |
| Other Expense | | | |
| Flowthrough Expenses | 0 | 31,900 | 0 |
| Total Special Education | <u>\$ 57,440</u> | <u>\$ 60,108</u> | <u>\$ 87,115</u> |
| <u>Compensatory Education - Title I</u> | | | |
| Salaries | | | |
| Teachers | \$ 27,950 | \$ 34,922 | \$ 39,236 |
| Aides | 0 | 2,033 | 12,678 |
| Severance and Longevity Pay | 600 | 689 | 534 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|--|------------------|------------------|-------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| Employee Benefits | | | |
| Health Insurance | 11,000 | 15,720 | 29,679 |
| Retirement | 4,600 | 9,124 | 7,762 |
| FICA | 2,200 | 4,153 | 3,866 |
| Workmen's Compensation | 100 | 55 | 78 |
| Purchased Services | | | |
| Audit | 400 | 400 | 400 |
| Improvement of Instruction | 5,300 | 0 | 5,669 |
| Supplies and Materials | | | |
| Teaching Supplies | 600 | 1 | 1,953 |
| Other Supplies and Materials | 640 | 0 | 166 |
| Total Compensatory Education - Title I | <u>\$ 53,390</u> | <u>\$ 67,097</u> | <u>\$ 102,021</u> |

Compensatory Education - At Risk

| | | | |
|--|------------------|------------------|------------------|
| Salaries | | | |
| Teachers | \$ 33,719 | \$ 28,479 | \$ 45,435 |
| Classroom Aides | 0 | 11,813 | 0 |
| Employee Benefits | | | |
| Health Insurance | 22,000 | 15,981 | 11,335 |
| Retirement | 6,000 | 2,460 | 6,755 |
| FICA | 2,500 | 1,661 | 3,475 |
| Workmen's Compensation | 100 | 58 | 68 |
| Purchased Services | | | |
| Travel and Expense | 300 | 4,612 | 0 |
| Supplies and Materials | | | |
| Teaching Supplies | 400 | 613 | 0 |
| Other Supplies and Materials | 700 | 0 | 0 |
| Total Compensatory Education - At Risk | <u>\$ 65,719</u> | <u>\$ 65,677</u> | <u>\$ 67,068</u> |

Other Added Needs - Gifted and Talented

| | | | |
|------------------------------|------|--------|----------|
| Purchased Services | | | |
| Travel and Expense | \$ 0 | \$ 961 | \$ 1,082 |
| Supplies and Materials | | | |
| Other Supplies and Materials | 0 | 5 | 0 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|---------------------------|---------------|-----------------|-----------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| Other Expense | | | |
| Dues and Fees | 0 | 300 | 300 |
| Total Gifted and Talented | <u>\$ 0</u> | <u>\$ 1,266</u> | <u>\$ 1,382</u> |

SUPPORTING SERVICES

Pupil

Guidance Services

Salaries

| | | | |
|------------|-----------|-----------|-----------|
| Counseling | \$ 33,400 | \$ 33,387 | \$ 30,845 |
|------------|-----------|-----------|-----------|

Employee Benefits

| | | | |
|------------------|-------|---|---|
| Health Insurance | 1,800 | 0 | 0 |
|------------------|-------|---|---|

| | | | |
|------------|-------|-------|-------|
| Retirement | 5,500 | 5,418 | 4,564 |
|------------|-------|-------|-------|

| | | | |
|------|-------|-------|-------|
| FICA | 2,500 | 2,531 | 2,336 |
|------|-------|-------|-------|

| | | | |
|------------------------|-----|----|----|
| Workmen's Compensation | 100 | 48 | 46 |
|------------------------|-----|----|----|

Purchased Services

| | | | |
|--------------------|---|---|----|
| Travel and Expense | 0 | 0 | 74 |
|--------------------|---|---|----|

Supplies and Materials

| | | | |
|------------------------------|---|-----|-----|
| Other Supplies and Materials | 0 | 898 | 944 |
|------------------------------|---|-----|-----|

| | | | |
|-------------------------|------------------|------------------|------------------|
| Total Guidance Services | <u>\$ 43,300</u> | <u>\$ 42,282</u> | <u>\$ 38,809</u> |
|-------------------------|------------------|------------------|------------------|

Health Services

Salaries

| | | | |
|---------|-----------|----------|----------|
| Nursing | \$ 10,000 | \$ 9,963 | \$ 9,769 |
|---------|-----------|----------|----------|

| | | | |
|-----------------------------|-----|-----|-----|
| Severance and Longevity Pay | 500 | 208 | 208 |
|-----------------------------|-----|-----|-----|

Employee Benefits

| | | | |
|------------------|--------|--------|-------|
| Health Insurance | 10,500 | 10,539 | 9,833 |
|------------------|--------|--------|-------|

| | | | |
|------------|-------|-------|-------|
| Retirement | 1,650 | 1,651 | 1,477 |
|------------|-------|-------|-------|

| | | | |
|------|-----|-----|-----|
| FICA | 800 | 778 | 763 |
|------|-----|-----|-----|

| | | | |
|------------------------|----|----|----|
| Workmen's Compensation | 35 | 15 | 15 |
|------------------------|----|----|----|

Purchased Services

| | | | |
|---|-------|-------|-----|
| Other Professional and Technical Services | 1,300 | 1,486 | 949 |
|---|-------|-------|-----|

Supplies and Materials

| | | | |
|------------------------------|-----|------|---|
| Other Supplies and Materials | 500 | (13) | 0 |
|------------------------------|-----|------|---|

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|-----------------------------------|------------------|------------------|------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| Capital Outlay | | | |
| Furniture and Equipment | 500 | 0 | 0 |
| Total Health Services | <u>\$ 25,785</u> | <u>\$ 24,627</u> | <u>\$ 23,014</u> |
| <u>Other Pupil Services</u> | | | |
| Salaries | | | |
| Class and Organizational Advisor | \$ 17,000 | \$ 16,801 | \$ 16,082 |
| Employee Benefits | | | |
| Health Insurance | 0 | 816 | 1,411 |
| Retirement | 2,800 | 2,739 | 2,388 |
| FICA | 1,300 | 1,284 | 1,229 |
| Workmen's Compensation | 0 | 24 | 26 |
| Total Other Pupil Services | <u>\$ 21,100</u> | <u>\$ 21,664</u> | <u>\$ 21,136</u> |
| <u>Instructional Staff</u> | | | |
| <u>Educational Media Services</u> | | | |
| Salaries | | | |
| Aides | \$ 14,400 | \$ 14,400 | \$ 14,117 |
| Severance and Longevity Pay | 0 | 486 | 486 |
| Employee Benefits | | | |
| Health Insurance | 16,200 | 16,259 | 15,225 |
| Retirement | 2,400 | 2,416 | 2,161 |
| FICA | 1,150 | 1,108 | 1,086 |
| Workmen's Compensation | 0 | 22 | 22 |
| Purchased Services | | | |
| Other Purchased Services | 0 | 0 | 600 |
| Supplies and Materials | | | |
| Library Books | 2,100 | 4,158 | 2,577 |
| Periodicals | 500 | 524 | 539 |
| Other Supplies and Materials | 500 | 297 | 355 |
| Capital Outlay | | | |
| Furniture and Equipment | 500 | 0 | 0 |
| Total Educational Media Services | <u>\$ 37,750</u> | <u>\$ 39,670</u> | <u>\$ 37,168</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|---|------------------|------------------|------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| <u>Other Instructional Staff Services</u> | | | |
| Purchased Services | | | |
| Other Purchased Services | \$ 800 | \$ 996 | \$ 1,028 |
| Supplies and Materials | | | |
| Miscellaneous Supplies | 300 | 185 | 0 |
| Total Other Instructional Staff Services | <u>\$ 1,100</u> | <u>\$ 1,181</u> | <u>\$ 1,028</u> |
| <u>General Administration</u> | | | |
| <u>Board of Education</u> | | | |
| Salaries | | | |
| Board Members | \$ 1,400 | \$ 1,620 | \$ 1,500 |
| Purchased Services | | | |
| Legal Services | 1,400 | 1,507 | 1,463 |
| Audit Services | 8,700 | 7,945 | 8,085 |
| Travel and Expense | 800 | 0 | 0 |
| Workshops and Conferences | 300 | 0 | 0 |
| Elections | 2,000 | 4,012 | 4,255 |
| Supplies and Materials | | | |
| Other Supplies and Materials | 700 | 64 | 516 |
| Other Expense | | | |
| Dues and Fees | 1,200 | 1,722 | 1,671 |
| Miscellaneous | 5,000 | 5,312 | 3,971 |
| Total Board of Education | <u>\$ 21,500</u> | <u>\$ 22,182</u> | <u>\$ 21,461</u> |
| <u>Executive Administration</u> | | | |
| Salaries | | | |
| Superintendent | \$ 62,400 | \$ 62,729 | \$ 60,608 |
| Secretarial - Clerical | 48,000 | 54,715 | 38,090 |
| Severance and Longevity Pay | 1,500 | 2,557 | 486 |
| Employee Benefits | | | |
| Health Insurance | 24,000 | 22,702 | 25,873 |
| Retirement | 19,000 | 17,632 | 14,327 |
| FICA | 7,700 | 9,148 | 7,558 |
| Workmen's Compensation | 300 | 271 | 220 |

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | 2006 | | 2005 |
|--------------------------------|------------|------------|------------|
| | BUDGET | ACTUAL | ACTUAL |
| Purchased Services | | | |
| Travel and Expense | 700 | 855 | 349 |
| Workshops and Conferences | 300 | 260 | 0 |
| Postage and Mailing | 3,500 | 2,585 | 3,087 |
| Repairs and Maintenance | 1,600 | 0 | 0 |
| Other Purchased Services | 9,600 | 9,580 | 9,256 |
| Supplies and Materials | | | |
| Other Supplies and Materials | 10,000 | 4,174 | 6,790 |
| Capital Outlay | | | |
| Furniture and Equipment | 1,000 | 0 | 775 |
| Other Expense | | | |
| Dues and Fees | 650 | 978 | 788 |
| Miscellaneous | 3,000 | 1,107 | 1,000 |
| Total Executive Administration | \$ 193,250 | \$ 189,293 | \$ 169,207 |

School Administration

Office of the Principal - Elementary

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Salaries | | | |
| School Direction and Management | \$ 65,560 | \$ 65,610 | \$ 63,653 |
| Secretarial-Clerical | 19,770 | 19,585 | 19,920 |
| Secretarial-Clerical Overtime | 500 | 0 | 0 |
| Severance and Longevity Pay | 500 | 486 | 486 |
| Employee Benefits | | | |
| Health Insurance | 33,975 | 32,304 | 31,462 |
| Retirement | 14,100 | 13,859 | 12,209 |
| FICA | 6,600 | 6,557 | 6,366 |
| Workmen's Compensation | 250 | 157 | 164 |
| Purchased Services | | | |
| Travel and Expense | 500 | 461 | 4,105 |
| Workshops and Conferences | 500 | 246 | 0 |
| Repairs and Maintenance | 500 | 0 | 0 |
| Rent of Equipment | 0 | 330 | 0 |
| Other Purchased Services | 0 | 2,078 | 0 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|--|-------------------|-------------------|-------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| Supplies and Materials | | | |
| Other Supplies and Materials | 4,000 | 3,705 | 8,702 |
| Capital Outlay | | | |
| Furniture and Equipment | 1,000 | 0 | 2,500 |
| Other Expenses | | | |
| Dues and Fees | 600 | 515 | 516 |
| Miscellaneous | 1,000 | 0 | 0 |
| Total Office of the Principal - Elementary | <u>\$ 149,355</u> | <u>\$ 145,893</u> | <u>\$ 150,083</u> |

School Administration

Office of the Principal - Secondary

| | | | |
|---------------------------------|-----------|-----------|-----------|
| Salaries | | | |
| School Direction and Management | \$ 62,100 | \$ 62,379 | \$ 60,270 |
| Secretarial-Clerical | 16,000 | 16,907 | 22,137 |
| Secretarial-Clerical Overtime | 2,100 | 0 | 0 |
| Severance and Longevity Pay | 350 | 0 | 0 |
| Employee Benefits | | | |
| Health Insurance | 17,500 | 17,697 | 22,083 |
| Retirement | 13,100 | 12,495 | 11,782 |
| FICA | 6,200 | 6,037 | 6,425 |
| Workmen's Compensation | 250 | 144 | 165 |
| Purchased Services | | | |
| Travel and Expense | 500 | 759 | 0 |
| Workshops and Conferences | 500 | 398 | 0 |
| Repairs and Maintenance | 700 | 0 | 0 |
| Rent of Equipment | 0 | 330 | |
| Other Purchased Services | 700 | 2,198 | 4,744 |
| Supplies and Materials | | | |
| Other Supplies and Materials | 2,000 | 4,498 | 4,936 |
| Capital Outlay | | | |
| Furniture and Equipment | 1,000 | 0 | 1,579 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | 2006 | | 2005 |
|---|------------|------------|------------|
| | BUDGET | ACTUAL | ACTUAL |
| Other Expenses | | | |
| Dues and Fees | 600 | 550 | 355 |
| Miscellaneous | 1,000 | 0 | 0 |
| Total Office of the Principal - Secondary | \$ 124,600 | \$ 124,392 | \$ 134,476 |

Business

Other Business Services

Purchased Services

| | | | |
|--|-----------|-----------|-----------|
| Building, Contents and Liability Insurance | \$ 20,000 | \$ 21,300 | \$ 16,338 |
| Errors and Omission Insurance | 5,000 | 4,217 | 4,958 |
| Boiler Insurance | 1,300 | 1,352 | 1,235 |
| Catastrophic Insurance | 850 | 904 | 893 |

Other Expenses

| | | | |
|-------------------------------|-----------|-----------|-----------|
| Interest On Debt | 14,000 | 14,648 | 6,369 |
| Taxes Abated and Written-Off | 2,500 | 1,532 | 1,236 |
| Total Other Business Services | \$ 43,650 | \$ 43,953 | \$ 31,029 |

Operation and Maintenance of Plant

Salaries

| | | | |
|-----------------------------|------------|-----------|------------|
| Custodians | \$ 103,000 | \$ 98,944 | \$ 105,403 |
| Custodians - Overtime | 10,000 | 2,344 | 4,355 |
| Severance and Longevity Pay | 2,000 | 1,713 | 1,181 |

Employee Benefits

| | | | |
|---------------------------|--------|--------|--------|
| Health Insurance | 50,000 | 48,978 | 63,508 |
| Retirement | 18,450 | 15,763 | 16,092 |
| FICA | 9,500 | 7,785 | 8,444 |
| Unemployment Compensation | 0 | 108 | 330 |
| Workmen's Compensation | 3,500 | 2,302 | 2,600 |

Purchased Services

| | | | |
|--------------------|--------|--------|--------|
| Travel and Expense | 200 | 696 | 218 |
| Communications | 7,000 | 5,273 | 6,318 |
| Utility Services | | | |
| Heating Fuel | 45,000 | 43,759 | 38,152 |
| Electricity | 35,000 | 39,862 | 34,625 |

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|--|-------------------|-------------------|-------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| Waste and Trash Disposal | 9,000 | 12,045 | 12,508 |
| Repairs and Maintenance Services | | | |
| Buildings and Grounds | 25,000 | 12,106 | 12,467 |
| Equipment | 1,500 | 1,071 | 3,523 |
| Other Purchased Services | 12,000 | 25,893 | 18,702 |
| Supplies and Materials | | | |
| Custodial and Maintenance Supplies | 23,000 | 25,993 | 24,227 |
| Capital Outlay | | | |
| Athletic Complex | 0 | 200 | 0 |
| Furniture and Equipment | 3,000 | 381 | 2,489 |
| Other Expenses | | | |
| Miscellaneous | 300 | 0 | 25 |
| Total Operation and Maintenance of Plant | <u>\$ 357,450</u> | <u>\$ 345,216</u> | <u>\$ 355,167</u> |

Pupil Transportation Services

| | | | |
|---------------------------------|----------|----------|----------|
| Salaries | | | |
| Supervision - Management | \$ 3,500 | \$ 3,132 | \$ 3,428 |
| Vehicle Operation | | | |
| Bus Drivers - Regular Runs | 37,000 | 34,136 | 36,031 |
| Bus Drivers - Special Education | 1,000 | 2,141 | 25 |
| Driver Mileage | 7,000 | 6,927 | 3,517 |
| Substitute Bus Drivers | 2,000 | 2,428 | 3,335 |
| Bus Drivers Extra Trips | 6,500 | 7,075 | 7,625 |
| Secretarial - Clerical | 4,000 | 5,373 | 4,331 |
| Aide - Special Education | 200 | 0 | 0 |
| Severance and Longevity Pay | 500 | 1,244 | 625 |
| Employee Benefits | | | |
| Health Insurance | 36,000 | 31,860 | 34,825 |
| Retirement | 10,000 | 9,313 | 8,644 |
| FICA | 4,800 | 4,264 | 3,899 |
| Workmen's Compensation | 3,700 | 1,019 | 2,157 |
| Purchased Services | | | |
| Pupil Transportation | 1,000 | 2,147 | 16 |
| Communication | 2,000 | 3,633 | 3,082 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|-------------------------------------|-------------------|-------------------|-------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| Utility Service - Electricity | 4,000 | 0 | 0 |
| Insurance | 3,500 | 4,263 | 3,477 |
| Repairs and Maintenance | 15,000 | 16,311 | 13,569 |
| Travel and Expense | 100 | 1,916 | 1,314 |
| Drivers Physicals | 400 | 300 | 339 |
| Workshops and Conference | 300 | 274 | 1,042 |
| Other Purchased Services | 10,500 | 7,087 | 7,114 |
| Supplies and Materials | | | |
| Gasoline | | | |
| Regular Transportation | 22,000 | 31,690 | 25,126 |
| Extra Trips | 3,000 | 0 | 40 |
| Oil and Grease | 800 | 1,159 | 946 |
| Tires | 2,500 | 508 | 862 |
| Tubes | 500 | 258 | 17 |
| Batteries | 0 | 0 | 494 |
| Vehicle Repair Parts | 10,000 | 12,974 | 7,056 |
| Garage Supplies | 2,500 | 1,617 | 2,087 |
| Other Expenses | | | |
| Miscellaneous | 200 | 889 | 872 |
| Total Pupil Transportation Services | <u>\$ 194,500</u> | <u>\$ 193,938</u> | <u>\$ 175,895</u> |

OTHER TRANSACTIONS

Transfers to Other School Districts

| | | | |
|---------------------------------|-------------------------|-------------------------|-------------------------|
| Tuition | \$ 20,000 | \$ 18,486 | \$ 21,121 |
| Transportation | 12,000 | 14,016 | 13,513 |
| Interactive TV | 22,000 | 21,784 | 24,786 |
| Special Education - Chargebacks | 46,000 | 45,876 | 40,835 |
| Total Other Transactions | <u>\$ 100,000</u> | <u>\$ 100,162</u> | <u>\$ 100,255</u> |
| Total Expenditures | <u>\$ 3,255,089</u> | <u>\$ 3,241,744</u> | <u>\$ 3,334,835</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|--|-------------------------|-------------------------|-------------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| <u>OTHER FINANCING USES</u> | | | |
| Transfers Out | | | |
| School Service Funds | | | |
| Food Service | \$ 840 | \$ 10,892 | \$ 21,754 |
| Athletic Activities | 69,500 | 71,658 | 64,414 |
| Total Other Financing Uses | <u>\$ 70,340</u> | <u>\$ 82,550</u> | <u>\$ 86,168</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>\$ 3,325,429</u> | <u>\$ 3,324,294</u> | <u>\$ 3,421,003</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

CONSOLIDATED COMMUNITY SCHOOL SERVICES ACCOUNT

COMPARATIVE BALANCE SHEET
JUNE 30,

| | <u>2006</u> | <u>2005</u> |
|---|-------------|-------------|
| <u>ASSETS</u> | | |
| Cash | \$ 56,752 | \$ 1,027 |
| Accounts Receivable | 342,569 | 339,289 |
| Investments | 129,698 | 335,414 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | \$ 529,019 | \$ 675,730 |
| | <hr/> | <hr/> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ 24,616 | \$ 63,808 |
| Accrued Expenses | 8,362 | 8,656 |
| Salaries Payable | 40,637 | 44,153 |
| Deferred Revenue | 2,744 | 0 |
| | <hr/> | <hr/> |
| Total Liabilities | \$ 76,359 | \$ 116,617 |
| <u>FUND BALANCE</u> | | |
| Reserved for Consolidated Community Schools | 452,660 | 559,113 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 529,019 | \$ 675,730 |
| | <hr/> | <hr/> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

CONSOLIDATED COMMUNITY SCHOOL SERVICES ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|---|---------------------|---------------------|---------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| <u>REVENUES</u> | | | |
| Local Sources | \$ 189,400 | \$ 224,542 | \$ 293,693 |
| State Sources | 672,661 | 549,675 | 611,219 |
| Federal Sources | 1,285,344 | 1,528,806 | 1,498,917 |
| Other Transactions | 47,007 | 194,999 | 237,868 |
| | | | |
| Total Revenues | <u>\$ 2,194,412</u> | <u>\$ 2,498,022</u> | <u>\$ 2,641,697</u> |
| <u>EXPENDITURES</u> | | | |
| Instruction | | | |
| Basic Programs | | | |
| Pre-School | \$ 267,883 | \$ 238,554 | \$ 198,633 |
| Adult/ Continuing Education | | | |
| Adult and Alternative Education | 751,896 | 687,504 | 683,617 |
| Adult Education - Enrichment | 10,000 | 7,772 | 10,922 |
| Community Service | | | |
| Community Services - Direction | 312,236 | 281,096 | 338,978 |
| Community Recreation | 65,218 | 56,797 | 57,769 |
| Other Community Services | 1,397,468 | 1,332,752 | 1,410,538 |
| | | | |
| Total Expenditures | <u>\$ 2,804,701</u> | <u>\$ 2,604,475</u> | <u>\$ 2,700,457</u> |
| | | | |
| Net Change in Fund Balance | \$ (610,289) | \$ (106,453) | \$ (58,760) |
| | | | |
| <u>FUND BALANCE</u> - Beginning of Year | <u>613,638</u> | <u>559,113</u> | <u>617,873</u> |
| | | | |
| <u>FUND BALANCE</u> - End of Year | <u>\$ 3,349</u> | <u>\$ 452,660</u> | <u>\$ 559,113</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

CONSOLIDATED COMMUNITY SCHOOL SERVICES ACCOUNT
ANALYSIS OF REVENUES

YEAR ENDED JUNE 30, 2006

LOCAL SOURCES

| | | |
|--------------------------------------|----|---------|
| Tuition and Fees | | |
| Enrichment | \$ | 28,038 |
| Recreation | | 26,137 |
| Early Childhood/ Latch Key Program | | 4,911 |
| EMT Training | | 8,015 |
| Paramedic Training | | 3,771 |
| Earnings on Investments and Deposits | | 1,419 |
| Donations from Private Sources | | |
| Winter Games | | 1,357 |
| Contracted Services | | |
| Teaching Family Home | | 14,655 |
| 2% Funds/Sault GED Program | | 89,372 |
| Detour Title VII | | 2,480 |
| MSRP Competitive | | 25,200 |
| Wee Wisdom | | 2,825 |
| Miscellaneous | | 16,362 |
| | | <hr/> |
| Total Local Sources | \$ | 224,542 |

STATE SOURCES

| | | |
|----------------------|--|---------|
| State School Aid | | |
| Unrestricted | | |
| Foundation Allowance | | 549,675 |

FEDERAL SOURCES

| | | |
|---------------------------------|----|---------|
| Grants-In-Aid Restricted | | |
| Received Through State | | |
| Adult and Alternative Education | | |
| Instruction | \$ | 150,700 |
| Institutional | | 33,400 |
| Department of Agriculture | | |
| Child Care Food Program | | 1,893 |
| Teaching Family Home - Title I | | 3,739 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

CONSOLIDATED COMMUNITY SCHOOL SERVICES ACCOUNT
ANALYSIS OF REVENUES

YEAR ENDED JUNE 30, 2006

| | | |
|---|---------|---------------------|
| Work Investment Act | | |
| Adult Program | 458,154 | |
| Dislocated Worker Program | 255,140 | |
| Displaced Homemaker | 31,918 | |
| Youth Program | 431,324 | |
| Incumbent Worker | 20,315 | |
| Trade Adjustment Assistance | 10,891 | |
| Distance Learning | 27,484 | |
| Wagner-Peyser Act | | |
| Employment Services | 94,787 | |
| Reemployment Services | 9,061 | |
| | | |
| Total Federal Sources | | 1,528,806 |
| <u>OTHER TRANSACTIONS</u> | | |
| Transfers from Other Governmental Units | | |
| E.U.P. Intermediate School District | | |
| Michigan Early Childhood Education | | 194,999 |
| | | |
| TOTAL REVENUES | | <u>\$ 2,498,022</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

CONSOLIDATED COMMUNITY SCHOOL SERVICES ACCOUNT
ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30, 2006

INSTRUCTION

Basic Programs

Pre-School Early Childhood Education

Salaries

| | |
|---------------------|-----------|
| Instruction Support | \$ 71,096 |
| Pupil Support | 10,996 |
| Instructional | 10,996 |
| Administration | 11,020 |
| Business Services | 5,970 |

Employee Benefits

| | |
|-----------------------------|--------|
| Health and Dental Insurance | 65,152 |
| Retirement | 17,621 |
| FICA | 8,416 |

Purchased Services

| | |
|----------------------------|--------|
| Workshops and Inservice | 9,446 |
| Telephone | 455 |
| Transportation Expense | 1,418 |
| Operations and Maintenance | 12,088 |
| Contract Service | 1,373 |
| Other Purchased Services | 862 |

Supplies and Materials

| | |
|-----------------------|-------|
| Nutrition | 3,083 |
| Teaching Supplies | 5,683 |
| Instructional Support | 2,195 |
| Administration | 684 |

\$ 238,554

Adult/ Continuing Education

Adult and Alternative Education

Salaries

| | |
|---------------------------|------------|
| Teachers | \$ 132,335 |
| Instructor | 109,538 |
| Clerical | 4,192 |
| Parapro | 3,648 |
| Instruction-Pupil Support | 101,788 |

Employee Benefits

| | |
|-----------------------------|---------|
| Health and Dental Insurance | 103,822 |
| Retirement | 55,820 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

CONSOLIDATED COMMUNITY SCHOOL SERVICES ACCOUNT
ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30, 2006

| | | |
|----------------------------|---------------|---------|
| FICA | 26,894 | |
| Workmen's Compensation | 743 | |
| Unemployment | 9,074 | |
| Purchased Services | | |
| Workshops and Inservice | 1,221 | |
| Transportation and Expense | 3,769 | |
| Other Purchased Services | 2,120 | |
| Rent and Utilities | 46,377 | |
| Telephone | 4,559 | |
| Contract Services - AHS | 13,271 | |
| Contract Services | 48,225 | |
| Supplies and Materials | | |
| Instructional | 2,444 | |
| Teaching Supplies | 7,541 | |
| Other Supplies and Expense | <u>10,123</u> | 687,504 |

Adult Education - Enrichment

| | | |
|----------------------------|------------|-------|
| Purchased Services | | |
| Enrichment | 7,159 | |
| Supplies and Materials | | |
| Teaching Supplies | 384 | |
| Other Supplies and Expense | <u>229</u> | 7,772 |

Community Services Direction

| | | |
|-----------------------------|-----------|--|
| Salaries | | |
| Directors | \$ 96,982 | |
| Secretarial and Clerical | 50,618 | |
| Employee Benefits | | |
| Health and Dental Insurance | 34,072 | |
| Retirement | 23,262 | |
| FICA | 11,252 | |
| Workmen's Compensation | 7,120 | |
| Unemployment Compensation | (313) | |
| Purchased Services | | |
| Legal and Professional | 6,835 | |
| Fiscal Agent Fee | 2,000 | |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

CONSOLIDATED COMMUNITY SCHOOL SERVICES ACCOUNT
ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30, 2006

| | | |
|-------------------------|--------|---------|
| Travel and Expense | 7,296 | |
| Workshops and Inservice | 1,190 | |
| Telephone | 10,838 | |
| Advertising | 3,334 | |
| Printing and Publishing | 910 | |
| Rent and Utilities | 7,959 | |
| Repairs and Maintenance | 6,543 | |
| Supplies and Materials | | |
| Equipment | 4,949 | |
| Office Supplies | 6,249 | 281,096 |

Community Recreation

| | | |
|------------------------|----------|--------|
| Salaries | | |
| Student Instruction | \$ 1,034 | |
| Swimming | 20,666 | |
| Kids Connection | 5,832 | |
| Employee Benefits | | |
| Retirement | 3,647 | |
| FICA | 2,106 | |
| Purchased Services | | |
| Awards and Fees | 1,605 | |
| Contracted Services | 11,837 | |
| Miscellaneous | 205 | |
| Supplies and Materials | | |
| Instructional | 407 | |
| Recreation | 9,458 | 56,797 |

Other Community Services

| | | |
|-----------------------|-----------|--|
| Salaries | | |
| Director/ Coordinator | \$ 56,560 | |
| Instructor | 15,278 | |
| Teachers and Aides | 73,198 | |
| Assistant | 625 | |
| Staff Services | 100,822 | |
| Administrator | 63,293 | |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

CONSOLIDATED COMMUNITY SCHOOL SERVICES ACCOUNT
ANALYSIS OF EXPENDITURES

YEAR ENDED JUNE 30, 2006

| | | |
|-----------------------------|---------|---------------------|
| Intensive Service | 68,468 | |
| Training | 66,416 | |
| Work Experience | 59,304 | |
| Core Services | 73,682 | |
| Employee Benefits | | |
| Health and Dental Insurance | 174,866 | |
| Retirement | 68,842 | |
| FICA | 42,825 | |
| Workmen's Compensation | 4,208 | |
| Purchased Services | | |
| Legal and Professional | 1,050 | |
| Training - Classroom | 362,339 | |
| Training - On the Job | 72,569 | |
| Travel and Expense | 12,265 | |
| Advertising | 1,025 | |
| In-Service | 789 | |
| Support Service | 10,001 | |
| Other Purchased Services | 310 | |
| Supplies and Materials | | |
| Instructional | 1,255 | |
| Core | 1,185 | |
| Other Supplies and Expense | 1,577 | 1,332,752 |
| | | |
| TOTAL EXPENDITURES | | <u>\$ 2,604,475</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2006
WITH COMPARATIVE TOTALS FOR JUNE 30, 2005

| | FOOD SERVICE | ATHLETIC ACTIVITIES | TOTALS | |
|---------------------------------------|-----------------|------------------------|------------------|------------------|
| | | | 2006 | 2005 |
| <u>ASSETS</u> | | | | |
| Cash | \$ 3,111 | \$ 14,163 | \$ 17,274 | \$ 39,236 |
| Inventory | 2,297 | 0 | 2,297 | 2,006 |
| Due from Other Funds | 2,774 | 0 | 2,774 | 0 |
| | | | | |
| TOTAL ASSETS | <u>\$ 8,182</u> | <u>\$ 14,163</u> | <u>\$ 22,345</u> | <u>\$ 41,242</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| <u>LIABILITIES</u> | | | | |
| Salaries Payable | \$ 8,182 | \$ 0 | \$ 8,182 | \$ 7,631 |
| Due to Other Funds | 0 | 0 | 0 | 21,197 |
| | | | | |
| TOTAL LIABILITIES | <u>\$ 8,182</u> | <u>\$ 0</u> | <u>\$ 8,182</u> | <u>\$ 28,828</u> |
| <u>FUND BALANCE</u> | | | | |
| Unreserved | | | | |
| Designated for: | | | | |
| Athletic Activities | 0 | 14,163 | 14,163 | 14,163 |
| | | | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 8,182</u> | <u>\$ 14,163</u> | <u>\$ 22,345</u> | <u>\$ 42,991</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2005

| | FOOD SERVICE | ATHLETIC ACTIVITIES | TOTALS | |
|--|-----------------|------------------------|-------------|-------------|
| | | | 2006 | 2005 |
| <u>REVENUES</u> | | | | |
| Local Sources | \$ 60,660 | \$ 49,563 | \$ 110,223 | \$ 103,802 |
| State Sources | 12,353 | 0 | 12,353 | 10,036 |
| Federal Sources | 70,921 | 0 | 70,921 | 75,354 |
| | | | | |
| Total Revenues | \$ 143,934 | \$ 49,563 | \$ 193,497 | \$ 189,192 |
| | | | | |
| <u>EXPENDITURES</u> | | | | |
| Salaries | \$ 45,915 | \$ 56,194 | \$ 102,109 | \$ 98,780 |
| Employee Benefits | 49,037 | 13,142 | 62,179 | 58,748 |
| Purchased Services | 2,978 | 18,476 | 21,454 | 20,144 |
| Supplies and Materials | 55,821 | 18,963 | 74,784 | 79,911 |
| Other Expenses | 1,075 | 12,697 | 13,772 | 12,362 |
| | | | | |
| Total Expenditures | \$ 154,826 | \$ 119,472 | \$ 274,298 | \$ 269,945 |
| | | | | |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (10,892) | \$ (69,909) | \$ (80,801) | \$ (80,753) |
| | | | | |
| <u>OTHER FINANCING SOURCES</u> | | | | |
| Transfers In | 10,892 | 71,658 | 82,550 | 86,168 |
| | | | | |
| Net Change in Fund Balance | \$ 0 | \$ 1,749 | \$ 1,749 | \$ 5,415 |
| | | | | |
| <u>FUND BALANCE</u> - Beginning of Year | 0 | 12,414 | 12,414 | 6,999 |
| | | | | |
| <u>FUND BALANCE</u> - End of Year | \$ 0 | \$ 14,163 | \$ 14,163 | \$ 12,414 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - FOOD SERVICE

COMPARATIVE BALANCE SHEET
JUNE 30,

| | 2006 | 2005 |
|---|-----------------|------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 3,111 | \$ 26,822 |
| Inventory | 2,297 | 2,006 |
| Due from Other Funds | 2,774 | 0 |
| | | |
| TOTAL ASSETS | <u>\$ 8,182</u> | <u>\$ 28,828</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | | |
| Salaries Payable | \$ 8,182 | \$ 7,631 |
| Due to Other Funds | 0 | 21,197 |
| | | |
| TOTAL LIABILITIES | \$ 8,182 | \$ 28,828 |
| <u>FUND BALANCE</u> | | |
| Unreserved | | |
| Designated for Food Service | 0 | 0 |
| | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 8,182</u> | <u>\$ 28,828</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - FOOD SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|---|-------------------|-------------------|-------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| <u>REVENUES</u> | | | |
| Local Sources | | | |
| Food Sales | \$ 53,000 | \$ 60,536 | \$ 53,040 |
| Miscellaneous | 0 | 124 | 129 |
| State Sources | | | |
| State Aid | 10,140 | 12,353 | 10,036 |
| Federal Sources | | | |
| Federal Aid | 61,800 | 60,494 | 61,799 |
| U.S.D.A. Donated Commodities | 13,000 | 10,427 | 13,555 |
| Total Revenues | <u>\$ 137,940</u> | <u>\$ 143,934</u> | <u>\$ 138,559</u> |
| <u>EXPENDITURES</u> | | | |
| Salaries | | | |
| Cooks and Assistants | \$ 43,700 | \$ 45,915 | \$ 47,872 |
| Employee Benefits | | | |
| Health and Life Insurance | 37,900 | 37,109 | 35,466 |
| Retirement | 6,500 | 7,444 | 7,066 |
| FICA | 3,340 | 3,458 | 3,614 |
| Workmen's Compensation | 1,000 | 1,026 | 1,122 |
| Purchased Services | | | |
| Repairs | 500 | 2,978 | 0 |
| Supplies and Materials | | | |
| Food Purchases | 30,000 | 36,175 | 35,416 |
| U.S.D.A. Donated Commodities | 13,000 | 10,427 | 13,555 |
| U.S.D.A. Delivery | 7,000 | 5,920 | 10,605 |
| Other Supplies | 1,500 | 3,299 | 4,085 |
| Other Expenses | | | |
| Miscellaneous | 200 | 1,075 | 1,512 |
| Total Expenditures | <u>\$ 144,640</u> | <u>\$ 154,826</u> | <u>\$ 160,313</u> |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (6,700) | \$ (10,892) | \$ (21,754) |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - FOOD SERVICE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|---|---------------|---------------|---------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers In - General Fund | 6,700 | 10,892 | 21,754 |
| Net Change in Fund Balance | \$ 0 | \$ 0 | \$ 0 |
| <u>FUND BALANCE</u> - Beginning of Year | 0 | 0 | 0 |
| <u>FUND BALANCE</u> - End of Year | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND- ATHLETIC ACTIVITIES

COMPARATIVE BALANCE SHEET
JUNE 30,

| | <u>2006</u> | <u>2005</u> |
|-------------------------------------|------------------|------------------|
| | | |
| <u>ASSETS</u> | | |
| Cash | \$ 14,163 | \$ 12,414 |
| | | |
| | | |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | \$ 0 | \$ 0 |
| | | |
| <u>FUND BALANCE</u> | | |
| Unreserved | | |
| Designated for Athletic Activities | <u>14,163</u> | <u>12,414</u> |
| | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 14,163</u> | <u>\$ 12,414</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - ATHLETIC ACTIVITIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|-----------------------------|------------------|------------------|------------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| <u>REVENUES</u> | | | |
| Local Sources | | | |
| Admissions | \$ 25,000 | \$ 27,782 | \$ 33,620 |
| Sales/ Fundraisers | 5,500 | 10,560 | 11,200 |
| Donations | 5,000 | 8,584 | 4,288 |
| Miscellaneous | 200 | 902 | 100 |
| Interest | 50 | 50 | 55 |
| Entry Fees | 1,200 | 1,685 | 1,370 |
| | | | |
| Total Revenues | <u>\$ 36,950</u> | <u>\$ 49,563</u> | <u>\$ 50,633</u> |
| <u>EXPENDITURES</u> | | | |
| Salaries | | | |
| Athletic Directors | \$ 9,700 | \$ 9,015 | \$ 9,640 |
| Coaches | 45,000 | 47,179 | 41,268 |
| Employee Benefits | | | |
| Retirement | 8,100 | 8,785 | 7,515 |
| FICA | 4,200 | 4,276 | 3,871 |
| Workmen's Compensation | 100 | 81 | 94 |
| Purchased Services | | | |
| Repairs | 2,300 | 813 | 1,066 |
| Officials | 9,000 | 8,948 | 9,992 |
| Workers at Events | 1,000 | 1,078 | 1,772 |
| Registration and Entry Fees | 2,000 | 1,715 | 2,050 |
| Travel and Expense | 4,500 | 5,922 | 5,264 |
| Supplies and Materials | | | |
| Athletic Supplies | 7,000 | 11,930 | 6,994 |
| Uniforms | 5,000 | 7,033 | 9,256 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - ATHLETIC ACTIVITIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2006
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2005

| | <u>2006</u> | | <u>2005</u> |
|---|---------------|---------------|---------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>ACTUAL</u> |
| Other Expense | | | |
| Dues | 250 | 345 | 145 |
| Clinics | 200 | 250 | 205 |
| Fundraising Expenses | 5,500 | 10,822 | 9,886 |
| Miscellaneous | 200 | 1,280 | 614 |
| | | | |
| Total Expenditures | \$ 104,050 | \$ 119,472 | \$ 109,632 |
| | | | |
| Excess (Deficiency) of Revenues | | | |
| Over Expenditures | \$ (67,100) | \$ (69,909) | \$ (58,999) |
| | | | |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers In - General Fund | 67,100 | 71,658 | 64,414 |
| | | | |
| Net Change in Fund Balance | \$ 0 | \$ 1,749 | \$ 5,415 |
| | | | |
| <u>FUND BALANCE</u> - Beginning of Year | 4,647 | 12,414 | 6,999 |
| | | | |
| <u>FUND BALANCE</u> - End of Year | \$ 4,647 | \$ 14,163 | \$ 12,414 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

DEBT RETIREMENT FUND
COMPARATIVE BALANCE SHEET

JUNE 30,

| | <u>2006</u> | <u>2005</u> |
|---|-------------------|-------------------|
| <u>ASSETS</u> | | |
| Cash | \$ 166,618 | \$ 94 |
| Taxes Receivable | 3,162 | 3,119 |
| Investments | 29,205 | 267,739 |
| | <hr/> | <hr/> |
| TOTAL ASSETS | <u>\$ 198,985</u> | <u>\$ 270,952</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| <u>LIABILITIES</u> | \$ 0 | \$ 0 |
| <u>FUND BALANCE</u> | | |
| Reserved for: | | |
| Debt Retirement | 198,985 | 270,952 |
| | <hr/> | <hr/> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 198,985</u> | <u>\$ 270,952</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

DEBT RETIREMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

| | <u>2006</u> | <u>2005</u> |
|--|-------------|--------------|
| <u>REVENUES</u> | | |
| Local Sources | | |
| Property Tax Collections | \$ 426,747 | \$ 399,237 |
| Commercial Forest | 92 | 118 |
| Interest Earnings | 5,609 | 2,780 |
| Miscellaneous Revenue | 6,326 | 303 |
| | <hr/> | <hr/> |
| Total Revenues | \$ 438,774 | \$ 402,438 |
| | <hr/> | <hr/> |
| <u>EXPENDITURES</u> | | |
| Redemption of Serial Bonds | \$ 330,000 | \$ 125,000 |
| Interest on Debt | 180,269 | 114,103 |
| Bond Issuance Costs | 0 | 74,959 |
| Paying Agent Fees | 300 | 300 |
| Taxes Abated and Written Off | 172 | 0 |
| Miscellaneous Expenditures | 0 | 36 |
| | <hr/> | <hr/> |
| Total Expenditures | \$ 510,741 | \$ 314,398 |
| | <hr/> | <hr/> |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (71,967) | \$ 88,040 |
| | <hr/> | <hr/> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | |
| Proceeds from Sale of Refunding Bonds | \$ 0 | \$ 3,885,000 |
| Bond Premium | 0 | 8,407 |
| Payment to Refunded Bond Escrow Agent | 0 | (3,818,448) |
| | <hr/> | <hr/> |
| Total Other Financial Sources (Uses) | \$ 0 | \$ 74,959 |
| | <hr/> | <hr/> |
| Net Change in Fund Balance | \$ (71,967) | \$ 162,999 |
| | <hr/> | <hr/> |
| <u>FUND BALANCE</u> - Beginning of Year | 270,952 | 107,953 |
| | <hr/> | <hr/> |
| <u>FUND BALANCE</u> - End of Year | \$ 198,985 | \$ 270,952 |
| | <hr/> | <hr/> |

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2006

| | BALANCE 7/1/05 | RECEIPTS (INCLUDING TRANSFERS) | DISBURSEMENTS | BALANCE 6/30/06 |
|-------------------------------|-------------------|-----------------------------------|-------------------|--------------------|
| Band Booster Club | \$ 4,058 | \$ 7,715 | \$ 8,488 | \$ 3,285 |
| Class of 2001 | 210 | 0 | 0 | 210 |
| Class of 2002 | 299 | 0 | 0 | 299 |
| Class of 2003 | 100 | 0 | 0 | 100 |
| Class of 2004 | 100 | 0 | 0 | 100 |
| Class of 2005 | 104 | 0 | 0 | 104 |
| Class of 2006 | 768 | 646 | 1,218 | 196 |
| Class of 2007 | 455 | 679 | 580 | 554 |
| Class of 2008 | 552 | 35 | 41 | 546 |
| Community Pride | 1,000 | 17 | 1,017 | 0 |
| Drama | 924 | 0 | 430 | 494 |
| Elementary School | 8,406 | 17,033 | 18,947 | 6,492 |
| Elementary Music | 650 | 173 | 49 | 774 |
| FCCLA - Regular | (250) | 50,012 | 58,402 | (8,640) |
| FCCLA - Foundation | 798 | 0 | 0 | 798 |
| FCCLA - Trip | 758 | 0 | 0 | 758 |
| FCCLA - National Trip | 502 | 0 | 502 | 0 |
| Interest - N.O.W. Account | 1,090 | 650 | 1,074 | 666 |
| Junior High | 367 | 2,287 | 2,654 | 0 |
| Non-Instructional Flower Fund | 22 | 821 | 657 | 186 |
| Poms | 38 | 0 | 0 | 38 |
| Prom Account | 0 | 2,153 | 2,153 | 0 |
| Region II - FCCLA Treas | 4 | 0 | 0 | 4 |
| Scholarship - Hughes | 10,058 | 9,149 | 8,800 | 10,407 |
| Student Council | (603) | 6,246 | 4,837 | 806 |
| Student Services | 3,649 | 5,650 | 3,367 | 5,932 |
| Teachers' Lounge Pop Machine | 164 | 783 | 634 | 313 |
| Yearbook | (522) | 15,607 | 16,405 | (1,320) |
| | <u>\$ 33,701</u> | <u>\$ 119,656</u> | <u>\$ 130,255</u> | <u>\$ 23,102</u> |

Represented by

Assets

| | | |
|----------------------|------------------|------------------|
| Cash | \$ 33,701 | \$ 22,106 |
| Due from Other Funds | 0 | 996 |
| | <u>\$ 33,701</u> | <u>\$ 23,102</u> |

Liabilities

| | | |
|---------------------------------|------------------|------------------|
| Due to Groups and Organizations | <u>\$ 33,701</u> | <u>\$ 23,102</u> |
|---------------------------------|------------------|------------------|

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHEDULE OF 2005 TAX ROLL
YEAR ENDED JUNE 30, 2006

| | STATE TAXABLE VALUATION | TAXES ASSESSED | TAXES COLLECTED | TAXES RETURNED DELINQUENT |
|--|-------------------------------|-------------------|--------------------|---------------------------------|
| <u>GENERAL FUND (17.2926 Mills)</u> | | | | |
| <u>CHIPPEWA COUNTY</u> | | | | |
| Bruce Township | \$ 142,298 | \$ 2,461 | \$ 2,461 | \$ 0 |
| Pickford Township | 11,565,602 | 201,438 | 183,925 | 17,513 |
| Raber Township | 7,197,701 | 124,465 | 115,952 | 8,513 |
| <u>MACKINAC COUNTY</u> | | | | |
| Marquette Township | 4,986,044 | 86,219 | 72,750 | 13,469 |
| | <u>\$ 23,891,645</u> | <u>\$ 414,583</u> | <u>\$ 375,088</u> | <u>\$ 39,495</u> |
| <u>DEBT RETIREMENT FUND - 1996 BOND ISSUE (7.0000 Mills)</u> | | | | |
| <u>CHIPPEWA COUNTY</u> | | | | |
| Bruce Township | \$ 603,212 | \$ 4,222 | \$ 3,813 | \$ 409 |
| Pickford Township | 35,922,784 | 251,435 | 232,877 | 18,558 |
| Raber Township | 12,819,400 | 89,736 | 84,778 | 4,958 |
| <u>MACKINAC COUNTY</u> | | | | |
| Marquette Township | 11,365,833 | 79,558 | 69,101 | 10,457 |
| | <u>\$ 60,711,229</u> | <u>\$ 424,951</u> | <u>\$ 390,569</u> | <u>\$ 34,382</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN
COMPARATIVE SCHEDULE OF INVESTMENTS
YEAR ENDED JUNE 30,

| | 2006 | | 2005 | |
|---------------------------------|-------|-------------------|-------|-------------------|
| | RATE | AMOUNT | RATE | AMOUNT |
| <u>GENERAL FUND</u> | | | | |
| General Operating Account | | | | |
| Michigan School District Liquid | | | | |
| Asset Fund Plus | | | | |
| MICMS | 4.65% | \$ 591 | 2.63% | \$ 428 |
| MIMAX | 4.91% | 3,804 | 2.76% | 25,546 |
| Consolidated Community School | | | | |
| Services Account | | | | |
| Central Savings Bank | | | | |
| Money Market Account | 0.40% | <u>129,698</u> | 0.40% | <u>335,414</u> |
| | | <u>\$ 134,093</u> | | <u>\$ 361,388</u> |
| <u>DEBT RETIREMENT</u> | | | | |
| Michigan School District Liquid | | | | |
| Asset Fund Plus | | | | |
| MICMS | 4.65% | \$ 40 | 2.63% | \$ 33 |
| MIMAX | 4.91% | <u>29,165</u> | 2.76% | <u>267,706</u> |
| | | <u>\$ 29,205</u> | | <u>\$ 267,739</u> |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

2005 REFUNDING BONDS PAYABLE
JUNE 30, 2006

| | | | |
|--|--|--------|---------------------|
| <u>TITLE OF ISSUE</u> | 2005 Refunding Bonds (General Obligation - Unlimited Tax) | | |
| <u>PURPOSE</u> | The bonds were issued to refinance the outstanding balance of the school's 1996 School Building and Site Bonds (General Obligation - Unlimited Tax) dated November 1, 1996. | | |
| <u>DATE OF ISSUE</u> | February 22, 2005 | | |
| <u>AMOUNT OF ISSUE</u> | \$ 3,885,000 | | |
| <u>AMOUNT REDEEMED</u> | | | |
| Prior Years | \$ | 0 | |
| Current Year | | 35,000 | 35,000 |
| <u>BALANCE OUTSTANDING - June 30, 2006</u> | | | <u>\$ 3,850,000</u> |

| <u>DUE DATES</u> | <u>INTEREST RATES</u> | <u>REQUIREMENTS</u> | | |
|------------------|---------------------------|---------------------|-----------------|--------------|
| | | <u>PRINCIPAL</u> | <u>INTEREST</u> | <u>TOTAL</u> |
| November 1, 2006 | | | \$ 71,041 | \$ 71,041 |
| May 1, 2007 | 2.500% | \$ 175,000 | 71,041 | 246,041 |
| November 1, 2007 | | | 68,853 | 68,853 |
| May 1, 2008 | 2.750% | 185,000 | 68,853 | 253,853 |
| November 1, 2008 | | | 66,309 | 66,309 |
| May 1, 2009 | 3.000% | 205,000 | 66,309 | 271,309 |
| November 1, 2009 | | | 63,234 | 63,234 |
| May 1, 2010 | 3.250% | 215,000 | 63,234 | 278,234 |
| November 1, 2010 | | | 59,741 | 59,741 |
| May 1, 2011 | 3.500% | 220,000 | 59,741 | 279,741 |
| November 1, 2011 | | | 55,891 | 55,891 |
| May 1, 2012 | 3.500% | 245,000 | 55,891 | 300,891 |
| November 1, 2012 | | | 51,603 | 51,603 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

2005 REFUNDING BONDS PAYABLE
JUNE 30, 2006

| | INTEREST | REQUIREMENTS | | |
|------------------|----------|---------------------|---------------------|---------------------|
| | RATES | PRINCIPAL | INTEREST | TOTAL |
| May 1, 2013 | 3.625% | 265,000 | 51,603 | 316,603 |
| November 1, 2013 | | | 46,800 | 46,800 |
| May 1, 2014 | 3.750% | 265,000 | 46,800 | 311,800 |
| November 1, 2014 | | | 41,831 | 41,831 |
| May 1, 2015 | 4.000% | 260,000 | 41,831 | 301,831 |
| November 1, 2015 | | | 36,631 | 36,631 |
| May 1, 2016 | 4.000% | 260,000 | 36,631 | 296,631 |
| November 1, 2016 | | | 31,431 | 31,431 |
| May 1, 2017 | 4.000% | 255,000 | 31,431 | 286,431 |
| November 1, 2017 | | | 26,331 | 26,331 |
| May 1, 2018 | 4.000% | 250,000 | 26,331 | 276,331 |
| November 1, 2018 | | | 21,331 | 21,331 |
| May 1, 2019 | 4.000% | 250,000 | 21,331 | 271,331 |
| November 1, 2019 | | | 16,331 | 16,331 |
| May 1, 2020 | 4.000% | 270,000 | 16,331 | 286,331 |
| November 1, 2020 | | | 10,931 | 10,931 |
| May 1, 2021 | 4.125% | 265,000 | 10,931 | 275,931 |
| November 1, 2021 | | | 5,466 | 5,466 |
| May 1, 2022 | 4.125% | 265,000 | 5,466 | 270,466 |
| | | <u>\$ 3,850,000</u> | <u>\$ 1,347,510</u> | <u>\$ 5,197,510</u> |

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

SINGLE AUDIT

JUNE 30, 2006

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SINGLE AUDIT
YEAR ENDED JUNE 30, 2006

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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

August 3, 2006

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education
Pickford Public Schools
Pickford, Michigan

COMPLIANCE

We have audited the compliance of Pickford Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Pickford Public Schools major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Pickford Public Schools' management. Our responsibility is to express opinions on Pickford Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pickford Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination on Pickford Public Schools' compliance with those requirements.

In our opinion, Pickford Public Schools complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

INTERNAL CONTROL OVER COMPLIANCE

The management of Pickford Public Schools' is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Pickford Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pickford Public Schools as of and for the year ended June 30, 2006, and have issued our report thereon dated August 3, 2006. Our audit was performed for the purpose of forming opinions on the basic financial statements of the Pickford Public Schools. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

| FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER | FEDERAL CFDA NUMBER | APPROVED GRANT AWARD AMOUNT | INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2005 | (MEMO ONLY) PRIOR YEAR EXPENDITURES | CURRENT YEAR EXPENDITURES | CURRENT YEAR RECEIPTS (CASH BASIS) | INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2006 | ADJUSTMENTS |
|--|---------------------------|-----------------------------------|--|---|------------------------------|--|---|-------------|
| U.S. Department of Education | | | | | | | | |
| P.L. 107-110 Elementary and Secondary Education Act of 1965 Small, Rural School Achievement Grant Project No. S358A051459 | 84.358A | \$ 30,611 | \$ 0 | \$ 29,484 | \$ 30,611 | \$ 30,611 | \$ 0 | \$ 0 |
| Passed Through Michigan Department of Education (M.D.E.) ECIA Title I - Educationally Deprived Project No. 061530-0506 | 84.010 | \$ 53,396 | \$ 0 | \$ 61,779 | \$ 53,396 | \$ 53,396 | \$ 0 | \$ 0 |
| Improving Teacher Quality Project No. 060520-0506 | 84.367 | \$ 21,461 | \$ 0 | \$ 22,111 | \$ 21,461 | \$ 21,461 | \$ 0 | \$ 0 |
| Title II D Technology Literacy Challenge Project No. 064290-0506 | 84.318 | \$ 996 | \$ 0 | \$ 1,570 | \$ 996 | \$ 996 | \$ 0 | \$ 0 |
| Handicapped Preschool and School Program Project No. 060440-SPSR | 84.027 | \$ 3,760 | \$ 0 | \$ 0 | \$ 3,739 | \$ 3,739 | \$ 0 | \$ 0 |
| Title V LEA Allocation Project No. 060250-0506 | 84.298 | \$ 2,171 | \$ 0 | \$ 3,188 | \$ 2,171 | \$ 2,171 | \$ 0 | \$ 0 |
| Total Passed Through M.D.E. | | \$ 112,395 | \$ 0 | \$ 118,132 | \$ 112,374 | \$ 112,374 | \$ 0 | \$ 0 |
| Passed Through Michigan Department of Career Development Title II - Adult Education and Family Literacy Instruction Project No. 061130-611006 | 84.002 | \$ 150,700 | \$ 0 | \$ 104,500 | \$ 150,700 | \$ 150,700 | \$ 0 | \$ 0 |
| Institutional Funds Project No. 061190-611006 | 84.002 | 33,400 | 0 | 28,225 | 33,400 | 33,400 | 0 | 0 |
| Total | 84.002 | \$ 184,100 | \$ 0 | \$ 132,725 | \$ 184,100 | \$ 184,100 | \$ 0 | \$ 0 |
| Total Passed Through Michigan Department of Career Development | | \$ 184,100 | \$ 0 | \$ 132,725 | \$ 184,100 | \$ 184,100 | \$ 0 | \$ 0 |
| Passed Through Intermediate School District (I.S.D.) Freedom To Learn Project No. 034280-2, 044280-3, 054280-2 | 84.318 | \$ 2,000 | \$ 0 | \$ 142,500 | \$ 2,000 | \$ 2,000 | \$ 0 | \$ 0 |
| Title VI-B Flowthrough Project No. 060450-0506 | 84.027 | \$ 31,900 | \$ 0 | \$ 25,806 | \$ 31,900 | \$ 31,900 | \$ 0 | \$ 0 |
| Total Passed Through Eastern Upper Peninsula I.S.D. | | \$ 33,900 | \$ 0 | \$ 168,306 | \$ 33,900 | \$ 33,900 | \$ 0 | \$ 0 |
| Total U.S. Department of Education | | \$ 330,395 | \$ 0 | \$ 419,163 | \$ 330,374 | \$ 330,374 | \$ 0 | \$ 0 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

| FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER | FEDERAL CFDA NUMBER | APPROVED GRANT AWARD AMOUNT | INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2005 | (MEMO ONLY) PRIOR YEAR EXPENDITURES | CURRENT YEAR EXPENDITURES | CURRENT YEAR RECEIPTS (CASH BASIS) | INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2006 | ADJUSTMENTS |
|--|---------------------------|-----------------------------------|--|---|------------------------------|--|---|-------------|
| U.S. Department of Agriculture | | | | | | | | |
| Child Nutrition Cluster | | | | | | | | |
| Passed Through Michigan Department of Education (M.D.E.) | | | | | | | | |
| National School Lunch Program | | | | | | | | |
| Section 4 - Total Servings - 1950 | 10.555 | \$ 10,062 | \$ 0 | \$ 10,037 | \$ 10,062 | \$ 10,062 | \$ 0 | \$ 0 |
| Section 11 - Free and Reduced - 1960 | 10.555 | 38,657 | 0 | 37,656 | 38,656 | 38,656 | | |
| Total | 10.555 | <u>\$ 48,719</u> | <u>\$ 0</u> | <u>\$ 47,693</u> | <u>\$ 48,718</u> | <u>\$ 48,718</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| National School Breakfast Program | | | | | | | | |
| Breakfast - 1970 | 10.553 | \$ 11,776 | \$ 0 | \$ 14,106 | \$ 11,776 | \$ 11,776 | \$ 0 | \$ 0 |
| Total Child Nutrition Cluster | | <u>\$ 60,495</u> | <u>\$ 0</u> | <u>\$ 61,799</u> | <u>\$ 60,494</u> | <u>\$ 60,494</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Food Distribution | | | | | | | | |
| Entitlement Commodities | 10.550 | \$ 9,223 | \$ 0 | \$ 11,525 | \$ 9,223 | \$ 9,223 | \$ 0 | \$ 0 |
| Bonus Commodities | 10.550 | 1,204 | 0 | 2,030 | 1,204 | 1,204 | 0 | 0 |
| Total | 10.550 | <u>\$ 10,427</u> | <u>\$ 0</u> | <u>\$ 13,555</u> | <u>\$ 10,427</u> | <u>\$ 10,427</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Child Care Food Program | | | | | | | | |
| Meals Reimbursement - 1920 | 10.558 | \$ 1,893 | \$ 0 | \$ 2,005 | \$ 1,893 | \$ 1,893 | \$ 0 | \$ 0 |
| Total Passed Through M.D.E. | | <u>\$ 72,815</u> | <u>\$ 0</u> | <u>\$ 77,359</u> | <u>\$ 72,814</u> | <u>\$ 72,814</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Total U.S. Department of Agriculture | | <u>\$ 72,815</u> | <u>\$ 0</u> | <u>\$ 77,359</u> | <u>\$ 72,814</u> | <u>\$ 72,814</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| U.S. Department of Labor | | | | | | | | |
| Passed Through E.U.P. Employment and Training Consortium | | | | | | | | |
| Workforce Investment Act | | | | | | | | |
| Contract No. PY03-WIA-01 | | | | | | | | |
| WIA Youth Program | 17.259 | \$ 442,172 | \$ 6,072 | \$ 458,420 | \$ 431,324 | \$ 432,649 | \$ 4,747 | \$ 0 |
| Contract No. PY03-WIA-02 | | | | | | | | |
| WIA Adult Worker | 17.258 | 471,759 | 5,789 | 448,099 | 458,154 | 461,715 | 2,228 | 0 |
| Contract No. PY02-WIA-INCWKR-01 | | | | | | | | |
| Incumbent Worker | 17.258 | 14,300 | 0 | 0 | 14,299 | 14,293 | 6 | 0 |
| Incumbent Worker Carry-In | 17.258 | 7,551 | 7 | 6,638 | 6,016 | 6,023 | 0 | 0 |
| Contract No. PY05-WIA/DH-01 | | | | | | | | |
| WIA Dislocated Worker | 17.255 | 34,000 | 0 | 0 | 31,918 | 28,422 | 3,496 | 0 |
| Contract No. PY03-WIA-02 | | | | | | | | |
| WIA Adult and Dislocated Worker | 17.260 | 283,174 | 1,293 | 231,072 | 255,140 | 258,718 | (2,285) | 0 |
| Contract No. PY05-Distance Learning | | | | | | | | |
| WIA Distance Learning | 17.267 | 27,484 | 0 | 0 | 27,484 | 27,484 | 0 | 0 |
| Total | | <u>\$ 1,280,440</u> | <u>\$ 13,161</u> | <u>\$ 1,144,229</u> | <u>\$ 1,224,335</u> | <u>\$ 1,229,304</u> | <u>\$ 8,192</u> | <u>\$ 0</u> |
| Wagner-Peyser Act | | | | | | | | |
| Contract No. PY03-ES-01 | | | | | | | | |
| Employment Services | 17.207 | \$ 94,787 | \$ 5 | \$ 51,641 | \$ 94,787 | \$ 94,462 | \$ 330 | \$ 0 |
| Contract No. PY03-ES-02 | | | | | | | | |
| Re-employment Services | 17.207 | 9,063 | 3 | 10,332 | 9,061 | 9,046 | 18 | 0 |
| Total | | <u>\$ 103,850</u> | <u>\$ 8</u> | <u>\$ 61,973</u> | <u>\$ 103,848</u> | <u>\$ 103,508</u> | <u>\$ 348</u> | <u>\$ 0</u> |
| Trade Adjustment Assistance Reform Act | | | | | | | | |
| Contract No. PY04-Trade-01 | 17.245 | \$ 103,665 | \$ 0 | \$ 46,072 | \$ 6,602 | \$ 6,602 | \$ 0 | \$ 0 |
| Contract No. PY04-Trade-01 | 17.245 | 10,909 | 0 | 0 | 4,289 | 4,289 | 0 | 0 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

| FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER | FEDERAL CFDA NUMBER | APPROVED GRANT AWARD AMOUNT | INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2005 | (MEMO ONLY) PRIOR YEAR EXPENDITURES | CURRENT YEAR EXPENDITURES | CURRENT YEAR RECEIPTS (CASH BASIS) | INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2006 | ADJUSTMENTS |
|--|---------------------------|-----------------------------------|--|---|------------------------------|--|---|-------------|
| Total | | \$ 114,574 | \$ 0 | \$ 46,072 | \$ 10,891 | \$ 10,891 | \$ 0 | \$ 0 |
| Total Passed Through E.U.P. Employment and Training Consortium | | \$ 1,498,864 | \$ 13,169 | \$ 1,252,274 | \$ 1,339,074 | \$ 1,343,703 | \$ 8,540 | \$ 0 |
| Total U.S. Department of Labor | | \$ 1,498,864 | \$ 13,169 | \$ 1,252,274 | \$ 1,339,074 | \$ 1,343,703 | \$ 8,540 | \$ 0 |
| U.S. Department of Interior | | | | | | | | |
| Passed Through County Payment in Lieu of Taxes National Forest | 10.655 | \$ 3,893 | \$ 0 | \$ 3,072 | \$ 3,893 | \$ 3,893 | \$ 0 | \$ 0 |
| Total U.S. Department of Interior | | \$ 3,893 | \$ 0 | \$ 3,072 | \$ 3,893 | \$ 3,893 | \$ 0 | \$ 0 |
| TOTAL FEDERAL FINANCIAL ASSISTENCE | | \$ 1,905,967 | \$ 13,169 | \$ 1,751,868 | \$ 1,746,155 | \$ 1,750,784 | \$ 8,540 | \$ 0 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(A) Significant Accounting Policies Used in Preparing Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting and presents transactions in the same manner as reflected in the basic financial statements of the school district. The significant accounting policies used are described in footnote (1) to the June 30, 2006, basic financial statements.

(B) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

| | |
|---|-------------------------|
| Revenues from Federal Sources - Per Statement of Revenues | |
| Expenditures and Changes in Fund Balances - | |
| Governmental Funds | \$ <u>1,746,155</u> |
| Federal Expenditures per Schedule of Expenditures of Federal Awards | \$ <u>1,746,155</u> |

(C) Reconciliation of Grant Section Auditor's Report with Schedule of Expenditures of Federal Awards

Management has utilized the Grant Section Auditor's Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards.

| | |
|--|------------|
| Current Cash Payments per Grant Section | |
| Auditor's Report Dated July 7, 2006 | \$ 331,217 |
| Add Items Not on Grant Section Auditor's Report: | |
| Amounts Received as Pass Through from | |
| Intermediate School District | |
| Title VI-B Flowthrough | \$ 31,900 |
| Freedom to Learn | 2,000 |
| Amounts Received Through Counties | |
| National Forest | 3,893 |
| Amounts Received Directly from | |
| U.S. Department of Education | |
| Small Rural School Achievement Grant | 30,611 |
| Amounts Received as Payments in Kind | |
| Food Distribution Program | |
| Entitlement Commodities | 9,223 |
| Bonus Commodities | 1,204 |

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(C) Reconciliation of Grant Section Auditor's Report with Schedule of Expenditures of Federal Awards

| | | |
|--|---------------|----------------------------|
| Amounts Received as Pass Through From | | |
| E.U.P. Employment and Training Consortium | | |
| Workforce Investment Act | 1,229,304 | |
| Wagner-Peyser Act | 103,508 | |
| Trade Adjustment Assistance Reform Act | <u>10,891</u> | 1,422,534 |
| Add Timing Differences | | |
| Payments not recorded on Grant Section Auditor's Report, but recorded by district in June 2006. | | |
| Handicapped Preschool and School Program | | 1,479 |
| Less Non-Federal Payments Reported on the Grant Section Auditor's Report: | | |
| School Breakfast Program – State Funds | | <u>(4,446)</u> |
| Current Year Receipts (Cash Basis) per | | |
| Schedule of Expenditures of Federal Awards | | \$ <u><u>1,750,784</u></u> |

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Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

August 3, 2006

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

To the Board of Education
Pickford Public Schools
Pickford, Michigan

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pickford Public Schools as of and for the year ended June 30, 2006, which collectively comprise the Pickford Public Schools basic financial statements and have issued our report thereon dated August 3, 2006. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Pickford Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely effect Pickford Public Schools' ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item B.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to the management of Pickford Public Schools in a separate letter dated August 3, 2006.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Pickford Public Schools' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Finding 2005-b (from the 2004/2005 fiscal year)

The District has a limited number of people involved in the accounting function due to financial constraints in allocating resources to this activity. This condition hampers the ability of the District to adequately segregate duties to enhance internal control.

The District is aware of this limitation and continues to explore cost effective measures to improve this internal control limitation.

This finding is repeated for the current fiscal year.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

A. Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unqualified

| | | |
|--|----------------------|---------------------|
| Reportable condition(s) identified: | <u> X </u> Yes | <u> </u> No |
| Reportable conditions(s) identified as material weakness(es)? | <u> </u> Yes | <u> X </u> No |
| Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> No |

Federal Awards

Internal control over major programs:

| | | |
|--|---------------------|---------------------|
| Material weakness(es) identified: | <u> </u> Yes | <u> X </u> No |
| Reportable condition(s) identified that are not considered to be material weakness(es)? | <u> </u> Yes | <u> X </u> No |

Type of auditors' report issued on compliance for major programs: Unqualified

| | | |
|---|---------------------|---------------------|
| Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? | <u> </u> Yes | <u> X </u> No |
|---|---------------------|---------------------|

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 17.259 | WIA Youth Program |
| 17.258 | WIA Adult Worker |

| | |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000 |
|---|-----------|

| | | |
|--|---------------------|---------------------|
| Auditee qualified as low-risk auditee? | <u> </u> Yes | <u> X </u> No |
|--|---------------------|---------------------|

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

B. Findings - Basic Financial Statements Audit

2006-A

Reportable Conditions:

- a. The relatively small number of people involved in the accounting functions of the District make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. We realize that it is not financially practical for the Board to establish a larger accounting staff in order to implement proper segregation of duties.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. The reportable condition noted above was not considered to be a material weakness.

Corrective Action Plan

Inadequate segregation of duties

With the status of state funding, the District is unable to hire additional employees at this time to improve the segregation of duties within the accounting function. We realize that segregation of duties is important in order to increase internal control. Management oversight has been an alternative means of monitoring internal control along with continuing to try and reassign some duties within the accounting department to other staff members. We sill are exploring ways to spread some of the day-to-day accounting responsibilities. The District and Superintendent will continue to monitor the situation and explore cost effective ways to improve this internal control limitation.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

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CERTIFIED PUBLIC ACCOUNTANTS

August 4, 2006

Board of Education
Pickford Public Schools
Pickford, Michigan

Dear Members of the Board and Administrators:

As a result of our audit of the financial statements of the Pickford Public Schools for the year ended June 30, 2006, we would like to take this opportunity to comment on the following items relative to the management and accounting records and procedures of the School District:

Single Audit Report

The Pickford Public Schools received over \$500,000 in federal funds and, therefore, is required to have a "Single Audit" in accordance with various federal and state guidelines. We will be completing the required Single Audit and will issue our reports thereon under a separate cover from your regular annual financial statements.

We recommend the Board and administration review the reports in the Single Audit for the year ended June 30, 2006.

Reportable Condition in Internal Controls

In planning and performing our audit of the basic financial statements of the Pickford Public Schools, Pickford, Michigan, for the year ended June 30, 2006, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants (A.I.C.P.A.). Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The relatively small number of people involved in the accounting functions of the District makes it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is not a material weakness.

Act 621 (Uniform Budgeting and Accounting Act)

Our comments relative to the District's budgeting procedures are as follows:

- (1) The Food Service Fund and Athletic Activities Fund exceeded the budgeted amounts.
- (2) Several activities in the General Fund exceeded the budgeted amounts. The District should continue to monitor its budgets on an ongoing basis and make budget amendments prior to incurring expenditures in excess of budgeted amounts.
- (3) The Michigan Department of Education is working towards various policy adjustments in regards to budget violations and are considering retroactive implementation of these policies to the 2004-2005 and the 2005-2006 fiscal years.

Specifically, the Department will be focusing on a couple of significant areas as it relates to the General Fund.

1. Total Expenditure violations that exceed 1% of the Total Expenditures budget.
2. Total Other Financing Uses violations that exceed 1% of the Total Other Financing Uses budget.

A budget violation would include incurring expenditures in excess of the approved appropriation, ending the fiscal year with a deficit fund balance or adopting a budget that would result in a deficit fund balance.

The Department is also considering that a violation for the 2005-2006 fiscal year may also include a situation where the District did not achieve their full revenue budget and, at the same time, depleted the district fund balance beyond what had been approved.

These proposed policy adjustments will place a renewed importance on the need to monitor the budget process very closely.

We recommend the District review the 2006-2007 budget to make sure that actual revenues will be greater than budgeted revenues, that actual expenditures by function will not be greater than appropriated and that a negative fund balance is not budgeted.

General Condition of Accounting Records

The accounting records were found to be in excellent condition again this year. The accounting personnel did a good job in preparing for the audit.

We encourage the administration and accounting staff to continue to implement new procedures and controls as it appears appropriate or as new rules and regulations require changes.

We wish to take this opportunity to thank the Board for again awarding this firm the audit assignment of the District, and the administration and staff for their cooperation and assistance in helping us fulfill this audit assignment.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.